TABLE OF CONTENTS

	Page	
INTRODUCTION	1	1/A8
PART 1. THE CURRENT BUDGET OUTLOOK, 1979-1980	2	1/A9
Budget Totals	2	1/A9
Short-Range Economic Forecast	3	1/A10
Budget Receipts	6	1/A13
Budget Outlays	8	1/B1
Budget Authority	10	1/B3
Comparison of Administration and Budget Resolution Totals	12	1/B5
Summary Tables	14	1/B7
PART 2. CHANGES IN BUDGET AUTHORITY AND OUTLAYS BY FUNCTION, 1979-1980	22	1/C9
PART 3. LONG-RANGE BUDGET OUTLOOK	54	1/E13
Long-Range Economic Assumptions and the Budget Outlook	54	1/E13
Long-Range Economic Goals	54	1/E13
Budget Totals	54	1/E13
Budget Impacts of Major Initiatives	55	1/E14
Projections of Outlays for Open-Ended Programs and Fixed Costs	57	1/F2
Spending from Balances of Budget Authority at the End of Fiscal Year 1980	57	1/F2
Budget Projections Under Alternative Economic Assumptions	58	1/F3
Summary Tables	60	1/F5

GENERAL NOTES

1. All years referred to are fiscal years unless otherwise noted.

2. Detail may not add to totals due to rounding.

Item no. 996-B x 96-1: H. doc. 163

96th Congress, 1st Session - - - - - - - - - House Document No. 96-163

COMPLETED
ORIGINAL

MID-SESSION REVIEW OF THE 1980 BUDGET

COMMUNICATION

FROM

THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, EXECUTIVE OFFICE OF THE PRESIDENT

TRANSMITTING

A SUPPLEMENTAL SUMMARY OF THE BUDGET FOR FISCAL YEAR 1980, PURSUANT TO SECTION 201 OF THE BUDGET AND ACCOUNTING ACT OF 1921, AS AMENDED

JULY 16, 1979.—Referred to the Committee on Appropriations and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE
39-011 O WASHINGTON : 1979

(85)

S. & H. App. Doc.
J. 39-012

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 12 1979

The Speaker

of the House of Representatives

Sir:

Section 201 of the Budget and Accounting Act of 1921, as amended, requires that the President transmit to the Congress, on or before July 15 of each year, a supplemental summary of the budget for the ensuing fiscal year transmitted to the Congress by the President in January of that year. The supplemental summary of the 1980 budget contains:

-- revised budget summaries and projections for fiscal years 1979-84;

-- economic assumptions underlying the budget data;

-- a summary of estimated outlays in each of the first four years after fiscal year 1980 that will be required under continuing programs that have a legal commitment for future years or are considered mandatory under existing law;

a summary of estimated outlays in future years from balances carried over from fiscal year 1980; and

information on unemployment and temporary employment assistance required by Section 602 of the Comprehensive Employment and Training Act.

RECEIVED
1979 JUL 13 PM 1:15
U.S. HOUSE OF REPRESENTATIVES

At the President's direction, I have the honor to transmit herewith the required supplemental summary of the fiscal year 1980 budget.

As the Review went to press, we learned of a ruling by the Comptroller General concerning the $1 billion reduction to the 1979 Labor-HEW Appropriations Act through elimination of waste, fraud, and abuse. The estimates in the Review assume a decrease in 1979 outlays for HEW of $0.8 billion resulting from this reduction. The Comptroller General's decision permits borrowing from 1980 appropriations to cover the entitlement payments affected by the reduction. As a

result, we do not now expect the decrease in 1979 HEW outlays to occur. The Administration has under review a budget adjustment to restore the 1980 budget authority used in 1979.

Respectfully,

James T. McIntyre, Jr.
Director

Enclosure

IDENTICAL LETTER TO THE
PRESIDENT OF THE SENATE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FOR RELEASE AT 6:30 P.M. (E.D.T.)
Thursday, July 12, 1979

MID-SESSION REVIEW OF THE 1980 BUDGET

LIST OF TABLES

Page

PART 1. THE CURRENT BUDGET OUTLOOK, 1979-1980

1. Budget Totals..... 2
2. Short-Range Economic Forecast..... 4
3. Change in Budget Receipts, 1979 and 1980..... 7
4. Change in Budget Outlays, 1979 and 1980..... 9
5. Change in Budget Authority, 1979 and 1980..... 11
6. Administration and Budget Resolution Totals..... 12
7. Budget Receipts by Major Source, 1978-1980..... 14
8. Budget Outlays by Function, 1978-1980..... 15
9. Budget Outlays by Agency, 1978-1980..... 16
10. Budget Authority by Function, 1978-1980..... 17
11. Budget Authority by Agency, 1978-1980..... 18
12. Budget Surplus or Deficit (-) by Fund Group and Type of Transaction, 1978-1980..... 19
13. Budget Receipts and Outlays by Fund Group, 1978-1980. 20
14. Debt Subject to Limit, 1978-1980..... 21

PART 2. CHANGES IN BUDGET AUTHORITY AND OUTLAYS BY FUNCTION

--- Changes in Budget Authority and Outlays for Each Function, 1978-1980..... 22-52
--- Outlays of Off-Budget Federal Entities, 1978-1980.... 53

PART 3. LONG-RANGE BUDGET OUTLOOK

15. The Budget Outlook, 1980-1984..... 55
16. The Budget Outlook Under Alternative Economic Assumptions, 1980-1984..... 59
17. Differences in Budget Projections Under Alternative Economic Assumptions, 1980-1984..... 59

Page

PART 3. LONG-RANGE BUDGET OUTLOOK (continued)

Under Long-Range Economic Goals

18. Long-Range Economic Goals, 1981-1984..... 60
19. Estimated Effect of Legislation on Receipts, 1979-1984..... 62
20. Budget Receipts by Major Source, 1979-1984..... 63
21. Composition of Budget Outlays, 1978-1984..... 64
22. Budget Outlays by Function, 1978-1984..... 66
23. Budget Outlays by Agency, 1978-1984..... 67
24. Budget Authority by Function, 1978-1984..... 68
25. Budget Authority by Agency, 1978-1984..... 69
26. Projections of Outlays for Open-Ended Programs and Fixed Costs, 1980-1984..... 70
27. Estimated Spending from End of Fiscal Year 1980 Balances of Budget Authority: Non-Mandatory Programs..... 71

Under Alternative Long-Range Economic Assumptions

28. Alternative Long-Range Economic Assumptions, 1981-1984..... 72
29. Budget Receipts by Major Source, 1979-1984..... 74
30. Composition of Budget Outlays, 1978-1984..... 75
31. Budget Outlays by Function, 1978-1984..... 77
32. Budget Outlays by Agency, 1978-1984..... 78

INTRODUCTION

This document provides:

-- revised budget estimates for 1979 and 1980 as required by Section 201 of the Budget and Accounting Act, as amended;

-- revised economic assumptions on which the new budget estimates are based;

-- estimates and projections for 1981-1984; and

-- other information required by law.

By law, transmittal to the Congress of the budget revisions in this document is required by July 15.

Part 1

THE CURRENT BUDGET OUTLOOK, 1979-1980

Budget Totals

The revised 1979 and 1980 estimates in this review reflect:

-- policy changes enacted by the Congress or proposed by the President since the January budget and March revisions were issued;

-- reestimates of receipts and outlays in light of economic conditions and actual data in recent months; and

-- technical changes in many estimates.

The current estimates supersede the revised budget estimates published in March. Table 1 compares the current estimates with the Administration's January and March figures.

The 1979 deficit is now estimated to be $29.7 billion, $3.5 billion below the March estimate. The current estimate of the 1980 deficit is $28.7 billion, $0.3 billion above the March figure. The reduction in the 1979 deficit since March is the net effect of a $4.7 billion increase in receipts, to $466.5 billion, and a $1.2 billion increase in estimated outlays, to $496.2 billion. The lower 1980 deficit is the net result of a $9.8 billion increase in receipts, to $513.8 billion, and a $10.1 billion increase in estimated outlays, to $542.4 billion.

Table 1.--BUDGET TOTALS
(in billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	Jan.	March	July	Jan.	March	July
Receipts.....	402.0	456.0	461.8	466.5	502.6	503.9	513.8
Outlays.....	450.8	493.4	495.0	496.2	531.6	532.3	542.4
Deficit.....	-48.8	-37.4	-33.2	-29.7	-29.0	-28.4	-28.7
Budget authority.....	501.5	559.7	557.6	558.5	615.5	615.0	622.8

Short-Range Economic Forecast

The economic outlook for calendar years 1979 and 1980 shows higher inflation, lower real growth, and somewhat higher unemployment than was forecast in January.

The rate of inflation, as measured by the Consumer Price Index (CPI), is now forecast to be 10.6% during 1979 and 8.3% during 1980. 1/ These figures are above the January budget assumptions by 3-1/4 percentage points for 1979, and by 2 percentage points for 1980. The worsening in the price outlook for 1979 results primarily from the larger than expected oil price increases resulting from recent pricing decisions by the Organization of Petroleum Exporting Countries (OPEC), and secondarily from higher food prices and the effect of higher mortgage interest rates on the costs of home financing.

The rate of real growth is substantially less than was forecast in January -- by about 2-3/4 percentage points in 1979 and 1-1/4 percentage points in 1980. For 1979 real growth is negative, with slow recovery in 1980. This lower growth is, in large part, a result of the effects of higher inflation on consumer purchasing power and spending. Sharply higher oil prices act like a major tax increase to retard economic growth. As a result of the lower real growth, the unemployment rate is expected to be slightly higher during 1979 and 0.7 percentage point higher by the end of 1980 than in the January forecast.

1/ The detailed program estimates in this review were prepared prior to the June 28, 1979, OPEC oil price increases, on the assumption of somewhat lower inflation rates than forecast here. An estimate of the additional budget authority and outlays for higher cost-of-living adjustments for indexed benefit programs is included in allowances. (See the allowances section of Part 2.)

Table 2.-- SHORT-RANGE ECONOMIC FORECAST
(calendar years; dollar amounts in billions)

	Actual		Forecast	
	1977	1978	1979	1980
Major Economic Indicators				
Gross national product, (percent change, 4th quarter over 4th quarter):				
Current dollars	11.9	13.1	9.2	10.3
Constant (1972) dollars	5.5	4.4	-0.5	2.0
GNP deflator (percent change, 4th quarter over 4th quarter)	6.1	8.3	9.8	8.1
Consumer Price Index (percent change, December over December)	6.8	9.0	10.6	8.3
Unemployment rate (percent, 4th quarter)	6.6	5.8	6.6	6.9
Annual Economic Assumptions				
Gross national product:				
Current dollars:				
Amount	1,887	2,108	2,339	2,572
Percent change, year over year	11.0	11.7	11.0	10.0
Constant (1972) dollars:				
Amount	1,333	1,386	1,410	1,423
Percent change, year over year	4.9	4.0	1.7	1.0
Incomes:				
Personal income	1,529	1,708	1,902	2,109
Wages and salaries	984	1,101	1,224	1,351
Corporate profits	174	202	235	239
Price level:				
GNP deflator:				
Level (1972=100), annual average	141.6	152.1	166.0	180.7
Percent change, year over year	5.9	7.4	9.1	8.9
Consumer Price Index 1/:				
Level (1967=100), annual average	181.5	195.3	216.1	234.7
Percent change, year over year	6.5	7.6	10.6	8.6
Unemployment rates:				
Total, annual average	7.0	6.0	6.1	6.8
Insured, annual average 2/	3.9	3.3	3.2	3.5
Federal pay raise, October (percent) 3/	7.0	5.5	5.5	5.5
Interest rate, 91-day Treasury bills (percent) 4/	5.3	7.2	9.0	8.2

See footnotes on following page.

Table 2 (continued)

1/ The index shown is the CPI for urban wage earners and clerical workers. There are now two versions of the CPI published. One estimates the cost-of-living for wage earners and clerical workers in urban areas; the other, more recently developed, is more comprehensive, covering all urban dwellers. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

2/ This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

3/ Pay raises become effective in October of each year -- the first month of the new fiscal year. Thus, the October 1979 pay raise will set new pay scales that will be in effect during fiscal year 1980. Under the comparability pay system, the President makes recommendations for Federal pay rates each year, after consultation with specified representatives. The projected rates are simply assumptions for purposes of developing budget estimates, and do not represent a prior determination of future pay raise recommendations to be made by the President. Total compensation of Federal employees includes elements that are not included in pay.

4/ Average rate on new issues within period. Before the 1980 budget, interest rates for the forecast period were assumed to remain at the levels prevailing at the time the estimates were made. Because it would be unrealistic to assume continuation of the same level of interest rates with changing inflation, however, it is now assumed, by convention, that future interest rates will change with the rate of inflation.

Budget Receipts

The current estimate of 1979 receipts is $466.5 billion, $4.7 billion above the March estimate and $10.5 billion above the estimate in the January budget. Receipts in 1980 are now estimated at $513.8 billion, $9.8 billion above the March estimate and $11.2 billion above the budget.

As shown in Table 3, policy changes since March have reduced receipts by $0.3 billion in 1979 but added $5.6 billion to 1980 receipts. These policy changes include deletion of the proposed real wage insurance, which increases 1980 receipts by $2.3 billion, and the Administration's proposed energy program, which decreases receipts by $0.2 billion in 1979 and increases them by $3.2 billion in 1980. The major components of the energy program include:

-- phased deregulation of crude petroleum prices;

-- a proposed windfall profits tax;

-- proposed energy conservation credits;

-- proposed changes in foreign tax credits for oil and gas extraction; and

-- the waiver of existing import fees and duties on imported oil.

In comparison to the March estimates, revised incomes resulting from the current economic assumptions increase receipts by $0.7 billion in 1979 and add $3.2 billion to receipts in 1980. Technical reestimates, reflecting collection experience to date, add an additional $4.2 billion in 1979 and $1.0 billion in 1980.

Table 3.--CHANGE IN BUDGET RECEIPTS, 1979 and 1980
(in billions of dollars)

	1979	1980
January budget estimate	456.0	502.6
Revised incomes and technical reestimates	5.8	1.3
Other	*	0.1
March estimate	461.9	503.9
Policy changes:		
Deletion of proposed real wage insurance	---	2.3
Energy program:		
Windfall profits tax	---	2.5
Energy conservation credits	-*	-0.1
Other income tax effects 1/	*	0.6
Waiver of import duties and fees	-0.3	-0.6
Foreign tax credit	0.1	0.8
Subtotal, Energy program	-0.2	3.2
Negotiated tariff reductions	---	-0.2
Other	-0.1	0.2
Subtotal, Policy changes	-0.3	5.6
Revised incomes 1/	0.7	3.2
Technical reestimates	1.2	1.0
Current estimate	463.5	513.8

1/ The effect of deregulation of crude petroleum prices on income tax receipts is included under energy policy.

* $50 million or less.

Budget Outlays

The current outlay estimate for 1979 is $496.2 billion, which is $1.2 billion above the March estimate and $2.8 billion above the estimate in the January budget. As Table 4 shows, the current estimates for a variety of programs -- including food stamps, social security, agricultural credit insurance, and disaster relief -- are above the March estimates. These increases are partly offset by lower than anticipated spending in other areas, including energy programs and farm price supports. In addition, the current estimates reflect the impact of a provision in the 1979 Labor-HEW Appropriations Act, which is expected to reduce 1979 outlays by $0.8 billion and budget authority by $1.0 billion. 1/

Outlays for 1980 are now estimated to be $542.4 billion, $10.1 billion above the March estimate and $10.9 billion above the January budget. The outlays associated with the two major Administration initiatives announced since March -- the proposed energy security trust fund and the Middle East peace treaty -- were largely covered by the contingency allowance. The major increases since March are in the estimates of outlays for income security benefits, health programs, and veterans (which are $7.3 billion above the March estimate), and estimated net interest costs (which have risen by $0.9 billion above the March estimates). About $6 billion of the increase in these programs is due to the revised economic forecast. The only major decrease since March is in the estimate of outlays for farm price supports.

The 1979 and 1980 outlay changes are discussed further in Part 2.

1/ An amendment to the 1979 appropriations for the Department of Health, Education, and Welfare (HEW) requires a $1.0 billion reduction in total HEW appropriations through the elimination of waste, fraud, and abuse. To conform with this amendment, HEW has reduced budget authority in the following areas: medicaid ($0.4 billion), aid to families with dependent children (AFDC) ($0.4 billion), and basic educational opportunity grants ($0.2 billion).

Table 4.--CHANGE IN BUDGET OUTLAYS, 1979 AND 1980
(in billions of dollars)

	1979	1980
January budget estimate	493.4	531.6
Changes:		
Department of Defense	0.5	0.2
SBA disaster loans	0.5	0.1
Public service jobs	-0.6	---
Offshore oil receipts	0.6	-*
Contingency allowance	0.1	0.6
All other, net	0.5	-0.1
March estimate	496.0	532.3
Changes:		
Major Administration initiatives:		
Middle East peace treaty:		
Foreign aid	0.2	0.4
Military sales trust fund	-0.2	---
Energy security trust fund	---	1.4
General contingency allowance	-0.1	-1.1
Subtotal	-*	0.7
Income security, health, and veterans:		
Food stamps	0.7	1.7
Social security	0.6	1.5
Unemployment compensation	0.5	1.4
Medicare and medicaid	0.1	0.9
Coal miner benefits	0.4	0.6
AFDC	-0.4	-*
Veterans and other	0.1	0.7
Allowance for indexed programs	---	0.5
Subtotal	2.1	7.3
Other:		
Farm price supports	-0.6	-1.9
Agricultural credit insurance	1.1	0.1
Net interest	0.5	0.9
Energy function:		
Strategic petroleum reserve	-0.9	0.7
Other (excluding initiative)	-0.6	-0.3
Disaster loans and relief	0.5	0.1
Transportation	-0.2	0.7
Natural resources	0.4	0.4
Department of Defense	0.4	0.6
Military sales trust fund (reestimate)	-0.3	---
Offshore oil receipts	-0.3	0.4
Targeted fiscal assistance	-0.2	0.2
All other	-0.6	0.2
Subtotal	-0.9	2.0
Current estimate	496.2	542.4

* $50 million or less.

Budget Authority

Budget authority in 1979 is now estimated to be $558.5 billion, $0.9 billion above the March estimate and $1.2 billion below the January budget. The Middle East initiative, reestimates in the military sales trust fund, the agricultural credit insurance fund, and higher than anticipated disaster relief and food stamp benefits account for much of the increase since March. These and other increases are partly offset by an amendment to the 1979 Labor-HEW Appropriations Act, which is discussed in the previous section, and by anticipated congressional action on 1979 supplementals, which decreases defense and rural housing and shifts some funding for railroads from 1979 to 1980. Since the Congress had not completed action on the 1979 supplementals at the time the current estimates were prepared, the numbers shown reflect the amounts in the supplementals passed by both the House and the Senate. In those cases where the House and Senate differ, the amounts closest to the Administration's request are included.

The current estimate of 1980 budget authority is $622.8 billion, $7.8 billion above the March estimate and $7.3 billion above the budget estimate. The major increases reflect the proposed energy security trust fund and revised estimates for food stamps, medicaid, social insurance trust fund receipts, and net interest. These increases are partly offset by a $2.6 billion decrease in budget authority for the economic development initiative.

Table 5.--CHANGES IN BUDGET AUTHORITY, 1979 AND 1980
(in billions of dollars)

	1979	1980
January budget estimate	559.7	615.5
Changes:		
Military sales trust fund	-3.8	-0.1
SBA disaster loans	0.6	---
Offshore oil receipts	0.6	-*
Contingency allowance	0.5	---
All other, net	*	-0.4
March estimate	557.6	615.0
Changes:		
Major Administration initiatives:		
Middle East peace treaty:		
Foreign aid	1.5	---
Military sales trust fund	[illegible]	0.2
Energy security trust fund	---	3.1
General contingency allowance	-0.6	-1.5
Subtotal	1.8	1.8
Income security, health, and veterans:		
Social insurance trust funds (receipts)	-0.9	1.5
Food stamps	0.7	1.7
Coal miner benefits	0.2	0.5
Medicaid	-0.4	1.0
AFDC	-0.4	-*
Veterans	*	0.4
Other	0.3	0.3
Subtotal	-0.4	5.4
Other:		
Revised economic development initiative	-*	-2.6
Department of Defense	-1.1	0.1
Rural housing	-1.0	---
ConRail	-0.7	0.6
Education and training	-0.6	0.5
Military sales trust fund (reestimate)	1.5	0.1
Agricultural credit insurance	0.8	---
Disaster loans and relief	0.6	*
Net interest	0.5	0.9
Offshore oil receipts	-0.3	0.4
Targeted fiscal assistance	-0.2	0.2
All other, net	*	0.5
Subtotal	-0.6	0.6
Current estimate	558.[illegible]	622.8

* $50 million or less.

Comparison of Administration and Budget Resolution Totals

As the following table shows, the current Administration estimates differ somewhat from the totals in the Third Budget Resolution for 1979 and the First Budget Resolution for 1980.

Table 6.--ADMINISTRATION AND BUDGET RESOLUTION TOTALS
(in billions of dollars)

	1979		1980	
	Third Resolution	Mid-Session Review	First Resolution	Mid-Session Review
Receipts.....	461.0	466.5	509.0	513.8
Outlays.....	494.45	496.2	532.0	542.4
Deficit.....	-33.45	-29.7	-23.0	-28.7
Budget authority.	559.2	558.5	604.4	622.8

For 1979, the current Administration estimate of receipts is $5.5 billion above the Resolution, and the Administration estimate of outlays is $1.75 billion above the Resolution. The current Administration budget authority total is $0.7 billion below the Resolution. In all cases, differences between the Administration totals and the Resolution are due largely to estimating rather than policy differences. While the 1979 supplementals enacted by both Houses of the Congress differ somewhat from both the original Administration request and the amounts assumed in the Resolution, the current Administration estimates of budget authority and outlays appear to be consistent with the discretionary changes assumed in the Resolution.

For 1980, the current Administration estimate of receipts is $4.8 billion above the Resolution. The Administration estimates of receipts include revenues of $2-1/2 billion for the windfall profits tax and other energy initiatives that are not included in the Resolution. In addition, the Administration estimates of receipts under existing law are above the Resolution estimates.

The Administration's estimate of 1980 outlays is $10.4 billion above the Resolution, and budget authority is $18.4 billion above the Resolution. These differences are due to a number of factors. Differing assumptions about the costs of existing entitlement programs and spend-out rates for programs such as defense account for much of the difference. These estimating differences are due in part to differing economic assumptions, notably interest rates. The Resolution also assumes different amounts for various discretionary programs and proposals.

The major differences between the Administration and Resolution for 1980 are in the following areas:

Defense and international.--The Resolution budget authority totals assume a $1.8 billion cut in defense, a $0.6 billion downward reestimate in international financial programs, and a $0.8 billion cut in other international programs. The Resolution outlay totals for these two functions are $3.4 billion below the current Administration estimates. Over two-thirds of the outlay difference appears to reflect technical estimating differences.

Energy and related.--The Administration estimates include $3.1 billion in budget authority and $1.4 billion in outlays for the proposed energy security trust fund, which is not included in the Resolution. The Resolution also assumes a $1.0 billion rescission of budget authority for the strategic petroleum reserve, and the outlays assumed in the Resolution for this program are $1.7 billion below the current estimates.

Agriculture.--The Resolution estimate of outlays is $3.0 billion above the current Administration estimates, largely because of different assumptions about outlays for price support programs under existing law.

Income security and health.--The Resolution budget authority and outlay totals for these programs are $3.9 billion and $2.7 billion, respectively, below the comparable Administration totals. Differing estimates of food stamp benefits appear to account for almost half of the outlay difference.

Net interest and offsetting receipts.--The Resolution estimates of net interest costs are $2.1 billion below Administration projections, largely because the Resolution assumes lower interest rates. Differing estimates of offshore oil receipts reduce the Resolution budget authority and outlay estimates by $0.6 billion in relation to Administration estimates.

Commerce and housing credit.--The Resolution budget authority total is $1.4 billion below the Administration because the Resolution assumes reductions in rural housing and other credit programs. These changes have virtually no impact on outlays.

Other.--The Resolution assumes an across-the-board cut of $1.0 billion in budget authority and outlays for travel and other administrative costs. The Resolution amounts for general purpose fiscal assistance are $0.9 billion below the Administration totals. The Resolution totals for community and regional development and education are above the Administration estimates, while budget authority for training is below the Administration estimate.

Table 7.--BUDGET RECEIPTS BY MAJOR SOURCE, 1978-1980
(in billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
Individual income taxes.....	181.0	203.6	208.8	216.6	227.3	228.6	234.2
Corporation income taxes.....	60.0	70.3	70.4	67.8	71.0	71.1	71.5
Social insurance taxes and contributions.....	123.4	141.8	142.2	141.3	161.5	161.3	162.6
Excise taxes.....	18.4	18.4	18.4	18.6	18.5	18.6	21.2
Estate and gift taxes.....	5.3	5.7	5.6	5.4	6.0	5.9	5.7
Customs duties.....	6.6	7.5	7.5	7.4	8.4	8.5	8.1
Miscellaneous receipts.....	7.4	8.7	8.9	9.4	9.9	10.0	10.4
Total budget receipts...	402.0	456.0	461.8	466.5	502.6	503.9	513.8

Table 8.--BUDGET OUTLAYS BY FUNCTION, 1978-1980
(in billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
National defense 1/	105.2	114.5	115.0	115.5	125.8	126.0	126.7
International affairs	5.9	7.3	7.5	7.3	8.2	8.2	8.8
General science, space, and technology	4.7	5.2	5.2	5.1	5.5	5.5	5.7
Energy	5.9	8.6	8.6	7.1	7.9	7.9	8.5
Natural resources and environment	10.9	11.2	11.2	11.6	11.5	11.5	11.8
Agriculture	7.7	6.2	6.2	6.7	4.3	4.3	2.5
Commerce and housing credit	3.3	3.0	3.0	2.8	3.4	3.4	3.2
Transportation	15.4	17.4	17.4	17.2	17.6	17.6	18.3
Community and regional development	11.0	9.1	9.6	10.1	7.3	7.4	7.5
Education, training, employment, and social services	26.5	30.7	30.1	30.0	30.2	30.2	30.1
Health	43.7	49.1	49.3	49.4	53.4	53.4	54.4
Income security	146.2	158.9	159.3	161.3	179.1	179.3	185.2
(Social security)	(92.2)	(102.3)	(102.3)	(102.9)	(115.2)	(115.3)	(116.8)
(Other)	(54.0)	(56.5)	(57.0)	(58.3)	(63.9)	(64.0)	(68.4)
Veterans benefits and services	19.0	20.3	20.3	20.3	20.5	20.4	20.8
Administration of justice	3.8	4.4	4.4	4.3	4.4	4.4	4.4
General government	3.8	4.4	4.4	4.3	4.4	4.4	4.4
General purpose fiscal assistance	9.6	8.9	8.9	8.7	8.8	8.8	9.0
Interest	44.0	52.8	52.5	53.0	57.0	56.9	57.8
Allowances 2/	---	---	0.1	---	1.4	2.0	2.1
Undistributed offsetting receipts	-15.8	-18.7	-18.1	-18.4	-19.0	-19.1	-18.7
(Employer share, employee retirement)	(-5.0)	(-5.4)	(-5.4)	(-5.4)	(-5.5)	(-5.5)	(-5.5)
(Interest received by trust funds)	(-8.5)	(-9.8)	(-9.8)	(-9.8)	(-10.9)	(-10.9)	(-10.9)
(Rents and royalties on the Outer Continental Shelf)	(-2.3)	(-3.5)	(-2.9)	(-3.2)	(-2.6)	(-2.6)	(-2.3)
Total budget outlays	450.8	493.4	495.0	496.2	531.6	532.3	542.4

1/ The 1980 estimates include allowances for civilian and military pay raises for the Department of Defense.

2/ The 1980 estimates include allowances for civilian agency pay raises, the energy security trust fund, and contingencies for relatively uncontrollable programs.

Table 9.--BUDGET OUTLAYS BY AGENCY, 1978-1980
(In billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
Legislative branch	1.0	1.2	1.2	1.2	1.3	1.3	1.3
The Judiciary	0.4	0.5	0.5	0.5	0.6	0.6	0.6
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	4.4	5.1	5.3	5.1	5.1	5.1	6.3
Agriculture	20.4	20.2	20.2	21.5	18.4	18.4	18.4
Commerce	5.2	4.3	4.3	4.3	3.3	3.2	3.3
Defense--Military 1/	103.0	111.9	112.4	112.8	122.7	122.9	123.5
Defense--Civil	2.6	2.6	2.6	2.9	2.7	2.7	3.0
Energy	6.3	8.9	8.9	7.6	8.9	8.9	9.4
Health, Education, and Welfare	162.9	180.7	180.9	181.1	199.4	199.4	202.1
Housing and Urban Development	7.6	9.0	9.0	8.9	10.6	10.6	10.8
Interior	3.8	4.0	4.0	4.0	3.8	3.8	3.8
Justice	2.4	2.6	2.6	2.5	2.5	2.5	2.5
Labor	22.9	22.9	22.6	23.4	24.5	24.6	26.4
State	1.3	1.4	1.4	1.5	1.7	1.7	1.7
Transportation	13.5	15.4	15.4	15.3	15.8	15.8	16.4
Treasury	56.4	65.5	65.2	65.3	69.9	69.8	70.6
Environmental Protection Agency	4.1	4.2	4.2	4.4	4.8	4.8	4.8
General Services Administration	0.1	0.2	0.2	0.1	0.1	0.1	0.1
National Aeronautics and Space Administration	4.0	4.4	4.4	4.2	4.6	4.6	4.8
Veterans Administration	19.0	20.3	20.2	20.3	20.5	20.4	20.8
Office of Personnel Management	11.0	12.5	12.5	12.6	14.4	14.4	14.7
National Development Bank 2/	---	*	---	---	0.2	---	---
Other independent agencies	14.4	14.1	14.7	15.0	13.4	13.5	13.7
Allowances 2/ 3/	---	---	0.1	---	1.4	2.2	2.1
Undistributed offsetting receipts	-15.8	-18.7	-18.1	-18.4	-19.0	-19.1	-18.7
Total budget outlays	450.8	493.4	495.0	496.2	531.6	532.3	542.4

1/ The 1980 estimates include allowances for civilian and military pay raises for the Department of Defense.

2/ After the January budget was submitted the President decided not to propose the National Development Bank as a separate entity. In March, the budget amounts for the Bank were included as an allowance for community and regional development. In the current estimates, additional amounts of economic development are included in the Departments of Commerce and Housing and Urban Development.

3/ The 1980 estimates include allowances for civilian agency pay raises, the energy security trust fund, and contingencies for relatively uncontrollable programs.

* $50 million or less.

Table 10.--BUDGET AUTHORITY BY FUNCTION, 1978-1980
(in billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
National defense 1/	117.9	127.9	127.9	126.9	138.2	138.2	138.4
International affairs	9.8	13.6	9.8	13.8	13.7	13.6	14.1
General science, space, and technology	4.9	5.4	5.4	5.4	5.7	5.7	5.9
Energy	8.2	7.6	7.6	7.4	19.5	19.5	20.2
Natural resources and environment	13.6	13.0	13.0	13.1	12.9	12.9	12.9
Agriculture	2.6	8.3	8.3	9.1	4.9	4.9	4.9
Commerce and housing credit	5.3	7.0	7.0	6.1	8.3	8.3	8.3
Transportation	15.0	20.0	20.0	19.2	19.1	19.1	19.9
Community and regional development	10.3	8.1	8.7	9.3	11.3	11.3	8.7
Education, training, employment, and social services	22.4	33.0	33.0	32.5	30.9	30.9	31.4
Health	46.5	52.5	52.6	52.2	57.6	57.6	58.9
Income security	180.1	191.0	191.2	191.2	214.5	214.2	218.3
(Social security)	(88.0)	(100.4)	(100.7)	(100.3)	(115.8)	(115.6)	(116.3)
(Other)	(92.1)	(90.5)	(90.5)	(90.9)	(98.7)	(98.6)	(102.0)
Veterans benefits and services	19.0	20.5	20.4	20.5	21.0	21.0	21.4
Administration of justice	3.9	4.3	4.3	4.2	4.3	4.3	4.3
General government	4.1	4.5	4.5	4.4	4.5	4.5	4.5
General purpose fiscal assistance	9.7	8.8	8.8	8.5	8.8	8.8	9.0
Interest	44.0	52.8	52.5	53.0	57.0	56.9	57.8
Allowances 2/	---	0.1	0.6	---	2.4	2.4	2.7
Undistributed offsetting receipts	-15.8	-18.7	-18.1	-18.4	-19.0	-19.1	-18.7
(Employer share, employee retirement)	(-5.0)	(-5.4)	(-5.4)	(-5.4)	(-5.5)	(-5.5)	(-5.5)
(Interest received by trust funds)	(-8.5)	(-9.8)	(-9.8)	(-9.8)	(-10.9)	(-10.9)	(-10.9)
(Rents and royalties on the Outer Continental Shelf)	(-2.3)	(-3.5)	(-2.9)	(-3.2)	(-2.6)	(-2.6)	(-2.3)
Total budget authority	501.5	559.7	557.6	558.5	615.5	615.0	622.8

1/ The 1980 estimates include allowances for civilian and military pay raises for the Department of Defense.

2/ The 1980 estimates include allowances for civilian agency pay raises, the energy security trust fund, and contingencies for relatively uncontrollable programs.

Table 11.--BUDGET AUTHORITY BY AGENCY, 1978-1980
(In billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
Legislative branch	1.1	1.2	1.2	1.2	1.3	1.3	1.3
The Judiciary	0.5	0.5	0.5	0.5	0.6	0.6	0.6
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	7.5	11.4	7.6	11.7	10.3	10.2	12.1
Agriculture	16.5	23.7	23.7	24.4	20.5	20.5	22.4
Commerce	2.3	2.5	2.5	2.6	3.2	3.2	3.9
Defense--Military 1/	115.3	125.2	125.2	124.1	135.0	135.0	135.1
Defense--Civil	2.8	2.7	2.7	2.8	3.1	3.1	3.1
Energy	10.7	9.7	9.7	9.6	7.4	7.4	7.5
Health, Education, and Welfare	162.2	184.0	184.4	183.0	205.2	205.0	207.6
Housing and Urban Development	38.0	31.1	31.1	31.2	33.3	33.3	33.6
Interior	4.6	4.7	4.7	4.7	4.4	4.4	4.5
Justice	2.4	2.5	2.5	2.5	2.4	2.4	2.4
Labor	20.0	28.9	28.9	28.3	27.5	27.4	28.2
State	1.5	1.7	1.7	1.7	1.7	1.7	1.8
Transportation	13.5	17.3	17.3	17.3	17.8	17.9	17.8
Treasury	56.8	65.6	65.3	65.5	70.1	69.9	70.8
Environmental Protection Agency	5.5	5.4	5.4	5.4	5.1	5.1	5.1
General Services Administration	0.2	0.3	0.3	0.3	0.3	0.3	0.3
National Aeronautics and Space Administration	4.1	4.6	4.6	4.5	4.7	4.7	4.9
Veterans Administration	19.0	20.5	20.4	20.4	21.0	20.9	21.3
Office of Personnel Management	18.2	21.1	21.1	21.1	23.2	23.2	23.4
National Development Bank 2/	---	*	---	---	3.5	---	---
Other independent agencies	14.6	13.6	14.2	13.9	30.2	30.2	30.7
Allowances 2/ 3/	---	0.1	0.6	---	2.4	6.0	2.7
Undistributed offsetting receipts	-15.8	-18.7	-18.1	-18.4	-19.0	-19.1	-18.7
Total budget authority	501.5	559.7	557.6	558.5	615.5	615.0	622.8

1/ The 1980 estimates include allowances for civilian and military pay raises for the Department of Defense.

2/ After the January budget was submitted the President decided not to propose the National Development Bank as a separate entity. In March, the budget amounts for the Bank were included as an allowance for community and regional development. In the current estimates, additional amounts of economic development are included in the Departments of Commerce and Housing and Urban Development.

3/ The 1980 estimates include allowances for civilian agency pay raises, the energy security trust fund, and contingencies for relatively uncontrollable programs.

* $50 million or less.

Table 12.--BUDGET SURPLUS OR DEFICIT (-) BY FUND GROUP AND TYPE OF TRANSACTION, 1978-1980
(in billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
Federal Funds							
Transactions with the public	-32.4	-24.3	-20.1	-14.9	-15.6	-14.6	-12.8
Transactions with trust funds	-29.1	-30.9	-30.9	-31.3	-33.5	-33.3	-34.7
Total	-61.5	-55.2	-51.0	-46.2	-49.0	-47.9	-47.5
Trust Funds							
Transactions with the public	-16.4	-13.1	-13.1	-14.8	-13.4	-13.8	-15.8
Transactions with Federal funds	29.1	30.9	30.9	31.3	33.5	33.3	34.7
Total	12.7	17.8	17.8	16.5	20.0	19.5	18.9
Budget Totals							
Federal funds	-61.5	-55.2	-51.0	-46.2	-49.0	-47.9	-47.5
Trust funds	12.7	17.8	17.8	16.5	20.0	19.5	18.9
Total	-48.8	-37.4	-33.2	-29.7	-29.0	-28.4	-28.7

Table 13.--BUDGET RECEIPTS AND OUTLAYS BY FUND GROUP, 1978-1980
(in billions of dollars)

	1978	1979 Estimate			1980 Estimate		
	Actual	January	March	Current	January	March	Current
Receipts							
Federal funds	270.5	306.1	311.6	317.1	332.8	334.3	340.4
Trust funds	168.0	189.5	189.9	189.4	212.2	211.9	217.1
Interfund transactions	-36.5	-39.6	-39.6	-40.1	-42.5	-42.3	-43.7
Total	402.0	456.0	461.8	466.5	502.6	503.9	513.8
Outlays							
Federal funds	332.0	361.3	362.5	363.3	381.8	382.3	387.9
Trust funds	155.3	171.7	172.1	172.9	192.2	192.4	198.2
Interfund transactions	-36.5	-39.6	-39.6	-40.1	-42.5	-42.3	-43.7
Total	450.8	493.4	495.0	496.2	531.6	532.3	542.4
Surplus or Deficit (-)							
Federal funds	-61.5	-55.2	-51.0	-46.2	-49.0	-47.9	-47.5
Trust funds	12.7	17.8	17.8	16.5	20.0	19.5	18.9
Total	-48.8	-37.4	-33.2	-29.7	-29.0	-28.4	-28.7

Table 14.--DEBT SUBJECT TO LIMIT, 1978-1980
(in billions of dollars)

	1978 Actual	1979 Estimate			1980 Estimate		
		January	March	Current	January	March	Current
Unified budget deficit	48.8	37.4	33.2	29.7	29.0	28.4	28.7
Portion of budget deficit attributable to trust funds surplus or deficit (-)	12.7	17.8	17.8	16.5	20.0	19.5	18.9
Federal funds deficit	61.5	55.2	51.0	46.2	49.0	47.9	47.5
Deficit of off-budget Federal entities	10.3	12.0	12.0	12.4	12.0	12.0	16.1
Total to be financed	71.9	67.2	63.0	58.6	61.0	59.9	63.6
Means of financing other than borrowing, and other adjustments	0.9	-6.9	-9.5	-9.8	-0.8	-0.7	0.5
Change in debt subject to limit	72.7	60.3	53.5	48.8	60.2	59.2	64.1
Debt subject to limit, beginning of year 1/	700.0	772.7	772.7	772.7	833.0	826.2	821.5
Anticipated debt subject to limit, end of year 1/	772.7	833.0	826.2	821.5	893.2	885.4	885.6

1/ The statutory debt limit is permanently established at $400 billion. Public Law 96-5 temporarily increased the statutory debt limit to $830 billion through September 30, 1979.

Part 2

CHANGES IN BUDGET AUTHORITY AND OUTLAYS BY FUNCTION, 1979-1980

050: NATIONAL DEFENSE

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	117.9	127.9	138.2
Changes:			
DOD-Military	---	-1.1	0.1
Other	---	0.1	*
Current estimate	117.9	126.9	138.4
Outlays			
January estimate	105.2	114.5	125.8
March changes (DOD -- revised supplemental)	---	0.5	0.2
March estimates	105.2	115.0	126.0
Further changes:			
DOD-Military:			
Reestimates	---	1.0	1.0
Other	---	-0.6	-0.4
Subtotal, DOD-Military	---	0.4	0.6
Other	---	0.1	*
Current estimate	105.2	115.5	126.7

* $50 million or less.

The current estimates for Department of Defense (DOD) have been revised to reflect recent spending experience and anticipated congressional action on the supplemental requested by the President. Congressional action on this request reduces the 1979 budget authority estimate by $1.1 billion. The corresponding outlay reductions total $0.6 billion in 1979 and $0.4 billion in 1980. These outlay reductions are more than offset by upward

reestimates of $1.0 billion in both 1979 and 1980. The latter reestimates reflect actual spending trends in recent months.

Other minor changes in the defense function are due to various 1980 budget amendments and to a distribution of 1979 Department of Energy departmental administration account funds to the atomic energy defense activities account.

150: INTERNATIONAL AFFAIRS

	($ billions) Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January estimate	9.8	13.6	13.7
March changes (military sales trust fund)	---	-3.8	-0.1
March estimate	9.8	9.8	13.6
Further changes:			
Policy changes:			
Middle East peace treaty:			
Foreign aid	---	1.5	*
Military sales trust fund	---	1.0	0.2
Aid to Turkey	---	0.1	*
Other	---	-*	0.2
Reestimates:			
Military sales trust fund	---	1.5	0.1
Other	---	-*	-0.1
Current estimate	9.8	13.8	14.1
Outlays			
January estimate	5.9	7.3	8.2
March changes (military sales trust fund)	---	0.2	---
March estimate	5.9	7.5	8.2
Further changes:			
Policy changes:			
Middle East peace treaty:			
Foreign aid	---	0.2	0.4
Military sales trust fund	---	-0.2	---
Aid to Turkey	---	0.1	*
Other	---	-*	0.1
Reestimates:			
Military sales trust fund	---	-0.3	---
Export-Import Bank	---	0.1	0.2
Other	---	-0.2	-0.1
Current estimate	5.9	7.3	8.8

* $50 million or less.

The current estimate of 1979 budget authority for this function is $4.0 billion above the March estimate. This increase is partly due to the additional budget authority for foreign aid ($1.5 billion) and for the purchase of military equipment from the military sales trust fund ($1.0 billion) associated with the Middle East peace treaty. The current 1979 estimates also include an upward reestimate from March of $1.5 billion in net budget authority for the military sales trust fund resulting from Iran's cancellation of purchases of military equipment. In March, the impact of the cancellation of Iranian orders was overestimated. The current 1980 budget authority estimates include a $350 million increase for the military sales trust fund, which reflects both increases for the Middle East peace treaty and reestimates.

For outlays, offsetting changes leave the current 1979 estimate only slightly lower than the March estimate. Decreases of $0.3 billion in 1979 for reestimates in the military sales trust fund are almost offset by increases for the Middle East peace treaty and other programs. The 1980 outlay estimate has increased $0.6 billion. Outlay increases of $0.4 billion for the treaty arrangements for 1980 and $0.2 billion for the Export-Import Bank account for almost all of the change.

250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	4.9	5.4	5.7
Changes:			
Space	---	-*	0.2
Science	---	---	---
Current estimate	4.9	5.4	5.9
Outlays			
January and March estimates	4.7	5.2	5.5
Changes:			
Space	---	-0.2	0.2
Science	---	*	---
Current estimate	4.7	5.1	5.7

* $50 million or less.

There have been only two significant changes in this function since March. The Administration has proposed a budget amendment for 1980 that would provide an additional $220 million in budget authority and $200 million in outlays for the space shuttle. In addition, the current estimate of 1979 outlays for this function is $0.2 billion below the earlier estimates largely because of an increase in payments to NASA for work performed on contract to other agencies and firms.

270: ENERGY

	($ billions)		
	Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January and March estimates	8.2	7.6	19.5
Changes:			
Energy security trust fund	---	---	0.7
Strategic petroleum reserve	---	*	---
Naval petroleum reserve receipts	---	-*	-0.2
Other energy	---	-0.1	0.2
Current estimate	8.2	7.4	20.3
Outlays			
January and March estimates	5.9	8.6	7.9
Changes:			
Energy security trust fund	---	---	0.1
Strategic petroleum reserve	---	-0.9	0.7
Naval petroleum reserve receipts	---	-*	-0.2
Other	---	-0.6	-*
Current estimate	5.9	7.1	8.5

* $50 million or less.

The current estimates of outlays and budget authority for the energy function are substantially changed from the January and March estimates. These changes are due to the President's proposal for an energy security trust fund and to reestimates.

The proposed energy security trust fund consists of revenues from the President's proposed windfall profits tax. In addition, an appropriation to the fund will be requested based on the Secretary of the Treasury's estimate of the additional corporate income taxes paid by oil producers as a result of decontrol. The proceeds from the fund will be used to aid low-income households, provide additional assistance to mass transit, and increase funding for energy supply and conservation investments. In the energy function, the energy security trust fund increases 1980 budget authority by $0.7 billion and outlays by $0.1 billion. The 1980 revenue loss associated with new tax expenditures is

$0.1 billion, largely for long-term energy research, development, and conservation. Additional amounts related to the energy security trust fund are shown in the income security and transportation functions, and in an allowance. The latter is due to the fact that specific proposals have not yet been made for use of all the amounts in the fund.

The remaining differences in the energy function reflect the following changes:

-- Revised outlay estimates for the strategic petroleum reserve reflect delayed filling of the reserve in 1979 because of unstable world oil markets. Deferral of oil purchases until 1980 and future years, coupled with oil prices substantially higher than those forecast in the January budget, will likely result in future budget increases above those planned in the January budget. 1/

-- Delays in spending for other energy programs have reduced estimated 1979 outlays by $0.6 billion below the earlier estimates.

-- Naval petroleum reserve receipts estimates have been increased by $0.2 billion in 1980 because of higher oil price assumptions. This increase in offsetting receipts reduces both budget authority and outlays.

-- The $0.1 billion decrease in 1979 budget authority reflects congressional cuts in supplemental requests. A $0.2 billion increase in 1980 budget authority for energy conservation corrects a technical error in the budget estimates.

1/ The estimates in this review include the Administration's most recent comprehensive assessment of oil prices and fill rates. The oil price assumptions do not reflect fully the oil price increases announced since May, nor have the fill rate assumptions been revised to reflect the results of an in-depth review, now underway, of the Administration's oil purchase policy. Upon completion of this review and an analysis of oil prices and other program uncertainties, the Administration will provide the Congress with updated budget estimates and program recommendations.

300: NATURAL RESOURCES AND ENVIRONMENT

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	13.6	13.0	12.9
Changes:			
Corps of Engineers	---	0.1	---
Other	---	-*	*
Current estimate	13.6	13.1	12.9
Outlays			
January and March estimates	10.9	11.2	11.5
Changes:			
Corps of Engineers	---	0.3	0.3
EPA sewage plant construction grants	---	0.2	---
Other	---	-*	*
Current estimate	10.9	11.6	11.8

* $50 million or less.

The current outlay estimates for this function are slightly above the earlier estimates due largely to reestimates based on actual experience to date. The budget authority estimates reflect anticipated congressional action on supplementals.

350: AGRICULTURE

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	2.6	8.3	4.9
Changes:			
Agricultural credit insurance fund	---	0.8	---
Other	---	-*	-*
Current estimate	2.6	9.1	4.9
Outlays			
January and March estimates	7.7	6.2	4.3
Changes:			
Farm price supports:			
Proposed legislation	---	-0.3	0.3
Existing law	---	-0.4	-2.2
Agricultural credit insurance fund	---	1.1	0.1
Other	---	-*	-*
Current estimate	7.7	6.7	2.4

* $50 million or less.

The current estimates of budget authority and outlays for the agriculture function are above the January estimates for 1979. While the estimate of budget authority for 1980 is virtually unchanged, the current estimate of 1980 outlays is significantly below the earlier estimate.

The estimates for 1979 budget authority and outlays of the agricultural credit insurance fund are substantially above the budget estimates because demand for emergency loans has been much greater than anticipated. The current estimate of new commitments for emergency disaster loans in 1979 is $3.4 billion, compared to $0.6 billion in the January budget. The estimate of new commitments for emergency economic loans in 1979 has risen from $2.5 billion to $3.0 billion. As a result, the current estimate of 1979 outlays for agricultural credit insurance is $1.1 billion above the January budget estimates.

The reductions in estimated farm price support outlays under existing law -- $0.4 billion in 1979 and $2.2 billion in 1980 -- stem largely from changes in the market outlook for agricultural commodities. Grain prices have increased significantly, in part due to anticipated larger exports and increased domestic use. This increase in prices leads to lower income support (deficiency) payments, since market prices are expected to be nearer to or to exceed the target price. In addition, more producers are expected to repay outstanding price support loans. These reductions in farm price support outlays are the expected result of the changes noted, and do not reflect any change in the policies of the Administration.

Congressional delays in enacting the proposed food reserves shift $0.3 billion of outlays under proposed legislation from 1979 to 1980. The current estimates for proposed legislation in 1980 also reflect payments under a new sugar program and an expanded crop insurance program.

370: COMMERCE AND HOUSING CREDIT

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	5.3	7.0	8.3
Changes:			
Rural housing programs	---	-1.0	---
Other	---	0.1	*
Current estimate	5.3	6.1	8.3
Outlays			
January and March estimates	3.3	3.0	3.4
Changes:			
Rural housing programs	---	-*	-*
Federal Deposit Insurance Corporation	---	-0.2	-0.2
Other	---	-*	-*
Current estimate	3.3	2.8	3.2

* $50 million or less.

The current estimate of 1979 budget authority for commerce and housing credit is $1.0 billion below the budget because of congressional inaction on a proposed supplemental for the rural homeownership assistance program.

Estimated outlays for the function are $0.2 billion below the earlier estimates for 1979 and 1980. Most of this change is due to a decrease in net outlays by the Federal Deposit Insurance Corporation, which have been revised downward as a result of improved cash management techniques.

400: TRANSPORTATION

	($ billions) Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January and March estimates	15.0	20.0	19.1
Changes:			
Energy security trust fund (proposed)	---	---	0.2
Purchase of ConRail securities	---	-0.7	0.6
Other	---	-*	*
Current estimate	15.0	19.2	19.9
Outlays			
January and March estimates	15.4	17.4	17.6
Changes:			
Energy security trust fund (proposed)	---	---	*
Highways	---	-*	0.4
Purchase of ConRail securities	---	-0.1	0.1
Other aid to railroads	---	-0.2	0.1
Other	---	*	0.1
Current estimate	15.4	17.2	18.3

* $50 million or less.

The current estimates for transportation outlays are $0.2 billion below the earlier estimates for 1979 and $0.7 billion above the earlier estimates for 1980.

Outlay estimates for highway programs in 1980 are $0.4 billion above the earlier estimates for 1980 because obligations in 1979 are now anticipated to be about $0.9 billion higher than previously estimated. Much of the increase is attributable to accelerated construction of the interstate highway system as provided for in the 1978 Surface Transportation Assistance Act. The current outlay estimates reflect Federal-aid highway obligations of $8.5 billion in 1979 and $8.4 billion in 1980.

Outlay estimates for purchase of ConRail securities in 1979 are $0.1 billion below the earlier estimates because of increased revenues from ConRail operations. The 1980 outlay estimate is

$0.1 billion higher than the March estimate, reflecting increased purchases to cover a portion of higher estimated costs. Outlay estimates for the Northeast corridor improvement project are $0.2 billion below the earlier estimates for 1979. The shortfall in 1979 is expected to be offset by higher outlays in 1980 and 1981.

The 1980 budget authority estimates include $0.2 billion for the mass transit portion of the proposed energy security trust fund. The budget authority estimates for ConRail reflect congressional action shifting funds from 1979 into 1980 and 1981. Total funding has not been changed.

450: COMMUNITY AND REGIONAL DEVELOPMENT

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January estimate	10.3	8.1	11.3
March changes (disaster relief)	---	0.6	---
March estimate	10.3	8.7	11.3
Further changes:			
Revised economic development proposal	---	-*	-2.6
Disaster loans and relief	---	0.6	*
Other	---	-*	---
Current estimate	10.3	9.3	8.7
Outlays			
January estimate	11.0	9.1	7.3
March changes (largely disaster relief)	---	0.5	0.1
March estimate	11.0	9.6	7.4
Further changes:			
Revised economic development proposal	---	-*	-0.1
Disaster loans and relief	---	0.5	0.1
Other	---	*	0.1
Current estimate	11.0	10.1	7.5

* $50 million or less.

Budget authority for community and regional development is above earlier estimates for 1979 and below earlier estimates for 1980. Outlays are higher in 1979 and virtually unchanged in 1980.

Disaster relief accounts for almost all of the increase in 1979 budget authority and outlays. The current estimates include $1.8 billion in budget authority for disaster relief, compared to $1.2 billion in the March estimates and $0.6 billion in the January budget. Budget authority requested for Small Business Administration (SBA) disaster loans has increased by $1.0 billion since January because of floods and storms in the southern and north-central parts of the country, which have greatly increased

the demand for SBA disaster loans. Budget authority for the Federal Emergency Management Agency is $0.2 billion above the March figure for similar reasons.

For 1980, the January budget included $3.5 billion in budget authority for the proposed National Development Bank. Subsequently, the President decided not to propose the Bank as a separate entity, and the $3.5 billion was shown as an allowance for economic development in this function in the March update. The current estimates no longer include this $3.5 billion, but do include additional budget authority of $275 million for urban development action grants in the Department of Housing and Urban development, and $700 million for economic development programs in the Department of Commerce under the proposed National Public Works and Economic Development Act. The proposal consolidates existing business development programs with financing incentives previously considered for the National Development Bank. The need for additional budget authority is substantially reduced because the proposal places major emphasis on using loan guarantees as a development finance tool. Authority for $1.8 billion in loan guarantees is being requested.

500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

	($ billions) Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January and March estimates	22.4	33.0	30.9
Changes:			
Education:			
Higher education	---	-0.2	0.4
Other education	---	-0.1	-*
Training and employment	---	-0.4	-0.1
Social services	---	*	0.1
Current estimate	22.4	32.5	31.4
Outlays			
January estimate	26.5	30.7	30.2
March changes:			
Training and employment	---	-0.6	---
Social services	---	0.1	-0.1
March estimate	26.5	30.1	30.2
Further changes:			
Education:			
Higher education	---	-0.1	0.3
Other education	---	-0.1	-*
Training and employment	---	-0.1	-0.3
Social services	---	0.1	*
Current estimate	26.5	30.0	30.1

* $50 million or less.

There are a number of small changes in this function that are the result of changed program participation estimates, revised Administration proposals, and a ruling of the Comptroller General:

-- The 1979 estimates of budget authority for higher education have been reduced by $169 million to reflect the effects of an amendment to the 1979 Labor-HEW Appropriations Act. 1/

-- The 1979 estimate of outlays for higher education has been reduced by $0.1 billion due to a reestimate of net outlays for college housing loans.

-- The 1980 estimates for higher education reflect an increase of $0.4 billion in budget authority and $0.3 billion in outlays. Most of this increase is due to higher than anticipated participation in guaranteed student loan programs, including revised estimates of the effect that Administration proposals to phase out OASDI student benefits are expected to have on the basic educational opportunity grant program.

-- The 1979 budget authority request for training and employment has been reduced by $0.4 billion, primarily because a supplemental request to fund the private sector initiative has been replaced by a reprogramming of both the 1979 appropriation and the 1980 budget request.

-- The 1980 budget authority estimate for training and employment has been reduced by $122 million to conform with the Comptroller General's ruling that the 1979 continuing resolution provided a 2-year appropriation for the Comprehensive Employment and Training Act. Thus, unobligated balances at the end of 1979 are automatically available in 1980. Earlier Administration estimates were based on the belief that the Act had reappropriated these unobligated balances for 1980.

-- The 1980 outlay estimate for training and employment has been reduced by $0.3 billion below the March estimate, due primarily to lower than anticipated enrollment in public service employment programs.

1/ An amendment to the 1979 appropriations for the Department of Health, Education, and Welfare (HEW) requires a $1.0 billion reduction in total HEW appropriations through the elimination of waste, fraud, and abuse. To conform with this amendment, HEW has reduced budget authority in the following areas: medicaid ($0.4 billion), aid to families with dependent children ($0.4 billion), and basic educational opportunity grants ($0.2 billion).

-- Estimated 1979 outlays and 1980 budget authority for grants to States for social services have been increased by $0.1 billion due largely to higher than anticipated State claims and continued growth in State and local social services training.

The Administration's welfare reform proposal includes major efforts to help welfare recipients find jobs and provide training programs and public service jobs. While this proposal has no budget effect in either 1979 or 1980, the current estimates include an allowance for start-up costs in 1981 and increased amounts for training and employment in 1982 and subsequent years. These estimates are discussed in Part 3.

The following information is provided in fulfillment of the requirement of Section 602 of the Comprehensive Employment and Training Act, and revises information supplied in the Budget Appendix for 1980 in the temporary employment assistance account and in the March update.

-- The unemployment rate for 1980 is now estimated to be 6.8%.

-- The number of unemployed in excess of 4% of the labor force is estimated to be 2.94 million.

-- The average cost per year of a public service employment opportunity is estimated to be $9,500.

-- The amount that would be needed to be appropriated to provide public service jobs for 20% of the number of unemployed in excess of 4%, taking into account anticipated budget resources at the beginning of the year, is $5,316 million.

550: HEALTH

	($ billions) Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January estimate	46.5	52.5	57.6
March changes (medicare)	---	0.1	-*
March estimate	46.5	52.6	57.6
Further changes:			
Medicare:			
Proposed legislation	---	-*	-*
Existing law	---	-*	0.3
Medicaid:			
Proposed legislation	---	*	*
Existing law	---	-0.4	1.0
Other	---	*	---
Current estimate	46.5	52.2	58.9
Outlays			
January estimate	43.7	49.1	53.4
March changes (medicaid)	---	0.1	---
March estimate	43.7	49.3	53.4
Further changes:			
Medicare:			
Proposed legislation	---	0.2	0.5
Existing law	---	-0.1	-0.2
Medicaid:			
Proposed legislation	---	*	*
Existing law	---	-*	0.6
Other	---	-*	0.1
Current estimate	43.7	49.4	54.4

* $50 million or less.

The current estimates for health outlays are $0.1 billion above the March estimates for 1979, and $1.0 billion above the March estimates for 1980. Most of the changes are in the estimates for medicare and medicaid.

The current estimates for total medicare outlays are $0.1 billion above the March estimates for 1979 and $0.3 billion above March estimates for 1980. The current estimates include the following, partly offsetting, revisions:

-- The outlay estimates under existing law have decreased by $73 million in 1979 and $220 million in 1980 primarily as a result of a lower than originally projected rate of hospital cost increases. This appears to be largely due to the hospital industry's anticipation of enactment of hospital cost containment legislation.

-- The savings anticipated from hospital cost containment are now estimated to be $140 million in 1979 and $1,080 million in 1980. These savings are somewhat below the January and March estimates because of refinements in the Administration's proposal and because the revised economic forecast raises the rate of hospital cost increases allowed under the proposal.

-- Medicare savings of $68 million in 1980 that were previously shown as proposed legislation will be achieved under existing law. While this does not affect total outlays, it does decrease outlays under existing law and increase the estimates for proposed legislation. In addition, estimated savings from some other legislative proposals have been reduced.

The current estimates of medicaid outlays are virtually the same as the March estimates for 1979 and $0.6 billion above the March estimates for 1980. These changes are largely due to the following, partly offsetting, revisions in the estimates for benefits under existing law:

-- The current estimates for 1979 outlays (and budget authority) have been reduced by $0.4 billion to reflect an amendment to the 1979 Labor-HEW Appropriations Act. 1/

-- The current outlay estimates have increased by $0.3 billion in 1979 and $0.6 billion in 1980 as a result of more recent data on medicaid payments for nursing home care and on projected State expenditures. These increases will be financed by the $1 billion increase in budget authority requested for 1980.

The Administration's national health plan, which is proposed to become effective in 1983, is discussed in Part 3. Amounts for this program are included in the allowances function for 1983 and 1984.

1/ An amendment to the 1979 appropriations for the Department of Health, Education, and Welfare (HEW) requires a $1.0 billion reduction in total HEW appropriations through the elimination of waste, fraud, and abuse. To conform with this amendment, HEW has reduced budget authority in the following areas: medicaid ($0.4 billion), aid to families with dependent children ($0.4 billion), and basic educational opportunity grants ($0.2 billion).

600: INCOME SECURITY

	($ billions) Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January estimate	180.1	191.0	214.5
March changes (largely social security)	---	0.3	-0.3
March estimate	180.1	191.2	214.2
Further changes:			
Social security and railroad retirement	---	-0.3	0.7
Disabled coal miners benefits	---	0.2	0.5
Federal employee retirement and disability	---	-*	0.2
Unemployment compensation	---	-0.4	0.4
Food stamps	---	0.7	1.7
Other nutrition programs	---	0.1	0.2
AFDC	---	-0.4	-*
Energy security trust fund (proposed)	---	---	0.5
Real wage insurance (proposal dropped)	---	---	-0.2
Other	---	*	0.1
Current estimate	180.1	191.2	218.3
Outlays			
January estimate	146.2	158.9	179.1
March changes:			
Unemployment compensation	---	0.3	0.3
Other	---	0.1	-0.1
March estimate	146.2	159.3	179.3
Further changes:			
Social security and railroad retirement:			
Proposed legislation	---	*	0.2
Existing law	---	0.6	1.4
Disabled coal miners benefits	---	0.4	0.6
Federal employee retirement and disability	---	-*	0.3
Unemployment compensation	---	0.5	1.4
Food stamps	---	0.7	1.7
Other nutrition programs	---	0.1	0.1
AFDC	---	-0.4	-*
Energy security trust fund (proposed)	---	---	0.5
Real wage insurance (proposal dropped)	---	---	-0.2
Other	---	*	0.1
Current estimate	146.2	161.3	185.2

* $50 million or less.

The current outlay estimates for income security are $2.0 billion above the March estimate for 1979 and $6.0 billion above the March estimate for 1980. Most of the increases in 1980 are due to revised economic assumptions.

In comparison to the March estimates, major changes in the outlay estimates for benefits under existing law have been made in the following areas:

-- Social security, railroad retirement, and Federal retirement outlays are up by $0.6 billion in 1979 and $1.6 billion in 1980 because of higher than anticipated cost-of-living adjustments and reestimates reflecting actual spending in recent months.

-- Estimates for coal miners benefits have been increased by $0.4 billion in 1979 and $0.6 billion in 1980 to reflect higher rates of claims approvals, higher retroactive benefit payments, and a more rapid processing of claims.

-- Estimates for unemployment compensation have increased by $0.5 billion in 1979 and $1.4 billion in 1980 because of revised economic assumptions and changes in estimating methods.

-- Estimated food stamp outlays have increased by $0.7 billion in 1979 and $1.7 billion in 1980 primarily because of an unanticipated increase in the participation rates due to changes in the Food Stamps Reform Act of 1977. Higher food prices also account for a portion of the increase.

-- The 1979 budget authority and outlay estimates for aid to families with dependent children (AFDC) have decreased by $0.4 billion to reflect an amendment to the 1979 Labor-HEW Appropriations Act. 1/

The current estimates also include the following changes in outlays under proposed legislation:

1/ An amendment to the 1979 appropriations for the Department of Health, Education, and Welfare (HEW) requires a $1.0 billion reduction in total HEW appropriations through the elimination of waste, fraud, and abuse. To conform with this amendment, HEW has reduced budget authority in the following areas: medicaid ($0.4 billion), aid to families with dependent children ($0.4 billion), and basic educational opportunity grants ($0.2 billion).

-- The energy security trust fund, which will help low-income households meet the rising cost of fuel caused by oil decontrol, increases 1980 outlays by $0.5 billion.

-- Deletion of the real wage insurance proposal decreases 1980 outlays by $0.2 billion.

-- A delay in the assumed effective date of several proposed social security reforms -- from October 1, 1979 to January 1, 1980 -- increases 1980 outlays by $0.2 billion.

The Administration's proposed reform of the welfare system, which includes revised income security benefit payments, has no budget effect in either 1979 or 1980. The current estimates do include an allowance for start-up costs in 1981 and increased amounts for income security in 1982 and subsequent years. These estimates are discussed in Part 3.

700: VETERANS BENEFITS AND SERVICES

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January estimate	19.0	20.5	21.0
March changes	---	-0.1	-0.1
March estimate	19.0	20.4	21.0
Changes:			
Compensation and pensions	---	*	0.2
Medical care	---	-*	0.2
Other	---	*	*
Current estimate	19.0	20.5	21.4
Outlays			
January estimate	19.0	20.3	20.5
March changes	---	-0.1	-0.1
March estimate	19.0	20.3	20.4
Changes:			
Compensation and pensions	---	-*	0.3
Medical care	---	-0.1	0.2
Other	---	0.1	-*
Current estimate	19.0	20.3	20.8

* $50 million or less.

Outlays for veterans benefits and services are about the same as estimated in March for 1979 and slightly above the March estimates for 1980.

An increase in outlays for compensation and pension benefits of $0.3 billion in 1980 is in large part due to higher cost-of-living adjustments than anticipated in March.

Outlays for medical care have been revised upward by $0.2 billion in 1980, reflecting a reestimate of the cost savings associated with proposed legislation requiring health insurers to reimburse the VA for treatment of insured veterans non-service-connected disabilities, and additional costs associated with implementation of the Veterans Health Care Amendments Act of 1977.

750: ADMINISTRATION OF JUSTICE

	($ billions) Actual 1978	Estimate 1979	Estimate 1980
Budget Authority			
January and March estimates	3.9	4.3	4.3
Changes	---	-*	-*
Current estimate	3.9	4.3	4.3
Outlays			
January and March estimates	3.8	4.4	4.4
Changes	---	-0.1	-*
Current estimate	3.8	4.3	4.4

* $50 million or less.

The current estimates of outlays for 1979 are $91 million below the earlier estimates due to a number of small reductions, largely reestimates, throughout the function.

800: GENERAL GOVERNMENT

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	4.1	4.5	4.5
Changes	---	-0.1	*
Current estimate	4.1	4.4	4.5
Outlays			
January and March estimates	3.8	4.4	4.4
Changes	---	-0.1	-*
Current estimate	3.8	4.3	4.4

* $50 million or less.

Budget authority and outlays for programs in the general government function are slightly below the January and March estimates. The current estimates reflect congressional cuts in the 1979 amounts for construction of the new Senate office building, and for purchase of new automobiles by the General Services Administration.

850: GENERAL PURPOSE FISCAL ASSISTANCE

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority			
January and March estimates	9.7	8.8	8.8
Targeted fiscal assistance	---	-0.2	0.2
Other	---	*	*
Current estimate	9.7	8.5	9.0
Outlays			
January and March estimates	9.6	8.9	8.8
Targeted fiscal assistance	---	-0.2	0.2
Other	---	*	*
Current estimate	9.6	8.7	9.0

* $50 million or less.

The January budget included $250 million in budget authority and outlays for targeted fiscal assistance in 1979 and $200 million in 1980. The current estimates include no funding for this program in 1979 and $350 million in budget authority and outlays for 1980. The decrease in 1979 is due to congressional inaction. The increase in 1980 reflects the increase in the projected rate of unemployment.

900: INTEREST

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority and Outlays			
January estimate	44.0	52.8	57.0
March changes	---	-0.3	-0.1
March estimate	44.0	52.5	56.9
Further changes:			
Interest on the public debt	---	0.3	1.9
Interest on loans to the Federal Financing Bank	---	0.2	-0.7
Other	---	-*	-0.3
Current estimate	44.0	53.0	57.8

* $50 million or less.

Estimated interest outlays exceed the March estimates by $0.5 billion in 1979 and $0.9 billion in 1980. The effect of lower borrowing requirements is more than offset by higher assumed interest rates for the forecast period. Interest rates on short-term Treasury securities are assumed to be 0.2 percentage points higher in 1979 and 0.6 percentage points higher in 1980 than in the earlier estimates. The recent increase in the interest rate on United States savings bonds, from 6.0% to 6-1/2%, adds an estimated $0.3 billion to the 1980 estimates for interest on the public debt.

Current estimates of interest on the public debt are $60.1 billion in 1979 and $67.6 billion in 1980. These estimates compare to $48.7 billion in 1978.

The estimates of interest on loans to the Federal Financing Bank (FFB) for 1979 have been reduced by $0.2 billion (thus increasing outlays) because collections have been less than projected. The $0.7 billion increase in 1980 receipts (which decreases outlays) reflects higher interest rates and reestimates of loan activity.

Net interest, which includes the interest function and interest received by trust funds, is currently estimated to be $43.2 billion in 1979 and $46.9 billion in 1980. These estimates are $0.5 billion above the March estimate for 1979 and $0.9 billion above the March estimate for 1980.

920: ALLOWANCES

	Estimate ($ billions) 1979	1980
Budget Authority		
January estimate	0.1	2.4
March changes (contingencies)	0.5	---
March estimate	0.6	2.4
Further changes:		
Energy security trust fund (proposed)	---	1.6
Contingency allowance for relatively uncontrollable programs	---	0.1
Other contingencies	-0.6	-1.5
Current estimate	---	2.7
Outlays		
January estimate	---	1.4
March changes (contingencies)	0.1	0.6
March estimate	0.1	2.0
Further changes:		
Energy security trust fund (proposed)	---	0.8
Contingency allowance for relatively uncontrollable programs	---	0.5
Other contingencies	-0.1	-1.1
Current estimate	---	2.1

The current estimates include no allowances for 1979. Like the earlier estimates, current amounts for 1980 include $0.9 billion in budget authority and outlays for civilian agency pay raises. The current estimates for 1980 also include an allowance for relatively uncontrollable programs of $0.1 billion in budget authority and $0.5 billion in outlays. These amounts allow for somewhat higher cost-of-living increases in various retirement and other income security programs than were assumed at the time that the detailed program estimates for this review were prepared. Not all of the effects of the recent OPEC price change could be taken into account in the detailed estimates in time for this review. The amounts in this allowance will be distributed among the individual programs at a later time.

An allowance for the energy security trust fund is included, reflecting amounts still to be allocated to specific proposals. Additional amounts are classified in the energy, income security, and transportation functions.

The general contingency allowance for 1979 and 1980 included in the March estimates has been distributed to specific programs, such as the Middle East peace treaty and the energy security trust fund.

950: UNDISTRIBUTED OFFSETTING RECEIPTS

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
Budget Authority and Outlays			
January estimate	-15.8	-18.7	-19.0
March changes:			
Offshore oil receipts	---	0.6	-*
Interest received by trust funds	---	-*	*
March estimate	-15.8	-18.1	-19.1
Changes:			
Offshore oil receipts	---	-0.3	0.4
Interest received by trust funds	---	-*	*
Employer share, employee retirement	---	---	-*
Current estimate	-15.8	-18.4	-18.7

* $50 million or less.

The current estimates of undistributed offsetting receipts are $0.3 billion above the March estimates for 1979 and $0.4 billion below the March estimates for 1980. These changes decrease budget authority and outlays in 1979 and increase them in 1980.

Receipts from offshore oil leases are now estimated at $3.2 billion in 1979 and $2.3 billion in 1980. The $0.3 billion increase in 1979 receipts is due to higher than anticipated revenues from the recent sale in California. The $0.4 billion decrease in 1980 is a result of a proposed new oil and gas leasing program recently announced by the Secretary of the Interior. The new program shifts sales previously scheduled in 1980 to 1981 and future years.

OUTLAYS OF OFF-BUDGET FEDERAL ENTITIES, 1978-1980

	($ billions)		
	Actual	Estimate	
	1978	1979	1980
January and March estimates	10.3	12.0	12.0
Changes:			
Federal Financing Bank	---	1.5	3.8
Postal Service	---	-1.1	0.3
Other	---	-*	*
Current estimate	10.3	12.4	16.1

* $50 million or less.

While the total outlay estimates for off-budget Federal entities in 1979 are only slightly higher than the March estimates, they reflect significant offsetting changes in the estimates of the Postal Service and the Federal Financing Bank (FFB). The 1980 outlay estimates for off-budget entities are up substantially, due largely to an increase in FFB outlays.

The current estimates for Postal Service outlays are $1.1 billion below the earlier estimates for 1979 and $0.3 billion above the earlier estimates for 1980. Higher cost-of-living increases resulting from collective bargaining agreements add $0.3 billion and $1.0 billion to 1979 and 1980 outlay estimates, respectively. These increases are offset by downward reestimates of operating receipts and expenditures, elimination of the allowance for contingencies, and deferral of expenditures related to contingent liabilities of the Postal Service.

Outlays by the FFB are now estimated to be $13.0 billion in 1979 and $15.1 billion in 1980. These estimates are $1.5 billion above the earlier estimates for 1979 and $3.8 billion above the earlier estimates for 1980. Higher than previously anticipated purchases of loan assets, largely from the Farmers Home Administration, increase estimated outlays by $2.4 billion in 1979 and $5.3 billion in 1980. These increases are partly offset by lower than previously estimated purchases of guaranteed loan originations, largely from the Rural Electrification Administration, which reduce outlays by $0.8 billion in 1979 and $1.6 billion in 1980.

Part 3

LONG-RANGE BUDGET OUTLOOK

This section presents the long-range budget outlook. As required by law, it also contains projected outlays for open-ended programs and fixed costs, and spending from balances of budget authority for non-mandatory programs.

Long-Range Economic Assumptions and the Budget Outlook

Long-Range Economic Goals.--The long-range economic assumptions differ in nature from the short-range economic forecast presented earlier. These assumptions are not forecasts of economic events, but projections that assume progress in moving toward lower unemployment rates and greater price stability.

Two sets of longer-range economic assumptions, and budget projections corresponding to each, are shown. One set, discussed in this section, assumes the achievement of the medium-term goals specified in the Full-Employment and Balanced Growth Act of 1978 (the Humphrey-Hawkins Act). These goals are highly ambitious and may be difficult to achieve. The other set of assumptions, discussed in a later section, are less ambitious.

The medium-term economic goals stated in the Full Employment and Balanced Growth Act of 1978 are: attainment of an unemployment rate of 4.0% for the entire civilian labor force (and 3.0% for adult workers aged 20 and over); and an inflation rate of no more than 3.0% per year, as measured by the Consumer Price Index. Both goals are assumed to be attained by the end of calendar year 1983. These goals are shown in Table 18.

Budget Totals.--As shown in Table 15, outlays consistent with the Humphrey-Hawkins goals are projected to rise $196 billion, from $542 billion in 1980 to $738 billion in 1984. Receipts under these economic assumptions are projected to increase more rapidly, from $514 billion in 1980 to $825 billion in 1984.

Table 15.--THE BUDGET OUTLOOK, 1980-1984
(in billions of dollars)

	1980	1981	1982	1983	1984
Receipts	511.8	597.4	688.9	764.8	825.1
Outlays	542.4	599.3	642.3	700.9	738.0
Surplus or deficit (-)	-29.7	-1.9	46.6	63.9	87.1
Budget authority	622.8	674.8	728.6	786.2	829.5

The current projections show a deficit of $1.9 billion in 1981 but substantial surpluses thereafter. It should be strongly emphasized that the budget margins projected after 1981 do not imply that budget surpluses of such magnitude will in fact occur in those years. These projected surpluses simply reflect resources that would be available to accommodate future discretionary fiscal and budgetary policy decisions -- tax reductions, new or expanded programs, or debt reduction. The Administration is committed to achieving a balanced budget as soon as economic conditions permit. When that will be possible depends upon economic developments, such as progress against inflation, the extent to which further tax cuts are needed to maintain economic growth, our success in overcoming the current energy crisis, and the need for future program increases or decreases -- none of which can be anticipated with any certainty now.

Budget Impacts of Major Initiatives.--As is the case with the underlying economic assumptions, the long-range budget projections for 1983 and 1984 are not forecasts. For the most part, they are extrapolations -- based in part upon the economic assumptions shown in Table 18 -- of the costs of programs proposed in the 1980-1982 multi-year planning base. Existing and proposed programs and tax laws are assumed to continue unchanged throughout the projection period. The projections are, therefore, an estimate of the degree to which future budgetary resources are or would be committed by current law and Administration policy. They include the projected budget impact of welfare reform, starting in 1981 and fully effective in 1982; and the Administration's national health insurance plan, beginning in 1983. Estimates for national health insurance are included in the allowances function. Costs of welfare reform are included in the allowances function in 1981, but are distributed to the education, training, employment, and social services; health; and income security functions in 1982, 1983, and 1984.

The welfare reform plan would make several program improvements, increase efficiency and reduce fraud and abuse through administrative improvements, and provide fiscal relief to State and local governments. Specific program reforms would establish a national minimum benefit level for the aid to families with dependent children program (AFDC); transform the optional program for assistance to families with unemployed fathers into mandatory assistance for unemployed parents; furnish job-search assistance; attempt to provide an employment and training opportunity for the principal earner in AFDC families for whom a private sector job cannot be found; and further expand the earned income tax credit (EITC) to increase incomes of working poor families.

The Administration's proposed national health plan would:

-- establish a Federal program called Healthcare to provide improved health protection for the aged, disabled, poor, the near-poor with large medical expenses, and others who cannot purchase coverage in the private sector;

-- require that all employers provide health insurance for employees and their dependents; the mandated benefit package would limit out-of-pocket expenses for covered services to no more than $2,500 per year, with the employee share of premium costs for the mandated coverage limited to no more than 25%; and

-- improve the efficiency of health services through hospital cost containment, a capital expenditure limit for hospitals, and other reforms designed to improve competition in the health care sector.

Coverage and benefits under the national health plan will begin in 1983. Preliminary estimates of the costs of the plan are $24 billion for 1983 and $27 billion for 1984.

The estimates and projections also include the effects of the Administration's energy initiative.

The energy security trust fund was proposed by the President in conjunction with his proposed windfall profits tax. The windfall profits tax is designed to prevent United States oil producers from reaping unearned profits as a result of the phased decontrol of domestic oil prices. The revenues produced by that tax, as well as an additional appropriation to be requested by the President, are proposed to finance an energy security trust fund. The major purposes of the fund are to:

-- assist low-income households to pay additional energy costs resulting from decontrol;

-- provide for additional investments in energy efficient mass transit;

-- expand research, development, and demonstration programs to increase energy supply and conservation; and

-- provide for the establishment of a solar energy bank as announced in the President's Solar Energy Message on June 20, 1979.

These programs are intended to ease the transition to higher petroleum prices while accelerating our search for alternatives to costly imported oil.

The long-range receipts and outlay projections are sensitive to changes in the underlying assumptions, especially those concerning future economic conditions. As the section below on alternative assumptions illustrates, the deficits and surpluses could be markedly different from those shown above if the economy follows a different path. Additional information on projected receipts, budget authority, and outlays is provided in the tables at the end of this part.

Projections of Outlays for Open-Ended Programs and Fixed Costs.--Outlay projections for open-ended programs and fixed costs are shown in Table 26, as required by Section 221(b) of the Legislative Reorganization Act of 1970.

These projections indicate that, under existing legislation, payments for individuals are estimated to grow by roughly 8.4% a year from 1980 to 1984. Outlays for net interest are projected to increase through 1981 and decline thereafter. Outlays for other open-ended programs and fixed costs are projected to increase somewhat during the 1980-1984 period. Total open-ended programs and fixed costs are projected to comprise 56% of total budget outlays in 1984, a slight decrease from the 1980 share of 59%.

Spending from Balances of Budget Authority Available at the End of Fiscal Year 1980: Non-Mandatory Programs.--Section 221(b) of the Legislative Reorganization Act of 1970 amended the Budget and Accounting Act of 1921 to require that the President transmit to the Congress "summaries of estimated expenditures, in fiscal years following such ensuing fiscal year [1980, this year], of balances carried over from such ensuing fiscal year." Table 27 presents these estimates.

The current estimate of the balances at the end of fiscal year 1980 for programs that have controllable outlays is $279.8 billion. About $12.8 billion of this total is in guarantee and

insurance program balances, very little of which is expected ever to be spent. The spending pattern from the balances in other programs, which amount to $267.0 billion, is fairly consistent among the programs. The bulk of the spending from balances takes place in 1981, and declines rapidly thereafter. About 43% is expected to be spent in 1981 and approximately 22% in 1982. About 15% ($40.5 billion) is expected to remain unexpended at the end of fiscal year 1984. An estimated $9.7 billion of the 1980 end-of-year balances is expected to expire (without being spent) during fiscal years 1981 through 1984.

Budget Projections Under Alternative Economic Assumptions

This section presents an alternative set of economic assumptions and a corresponding set of budget projections.

The Administration continues to support the goals of the Full Employment and Balanced Growth Act. The assumptions underlying the estimates and projections in preceding sections were consistent with those goals. However, as noted in the January 1979 Economic Report of the President, attainment of the medium-term unemployment and inflation goals by the end of 1983 would be difficult -- particularly in view of the problems created by OPEC price increases since October 1978 -- and represents a rather optimistic assumption about future economic performance. For this reason, prudent multi-year budget planning requires that longer-range budget projections include consideration of a range of possible future economic conditions.

Under the alternative assumptions presented here, the economy is assumed to grow in real terms by an average of 3.6% a year for the entire 1981-1984 period. The rate of unemployment corresponding to this growth projection is 5-1/2% at the end of calendar year 1984. The rate of inflation is assumed to drop by about half a percentage point a year after 1980, reaching 5-1/2% a year in 1984. These more conservative assumptions may be more appropriate for budget planning purposes than those of the preceding sections.

Budget estimates and projections based on the alternative economic assumptions are shown in the following table. In comparison with the estimates and projections under the Humphrey-Hawkins goals, this table shows higher deficits and lower potential budget surpluses.

Table 16.--THE BUDGET OUTLOOK UNDER ALTERNATIVE ECONOMIC ASSUMPTIONS, 1980-1984
(in billions of dollars)

	1980	1981	1982	1983	1984
Receipts	513.8	597.5	687.1	769.4	856.9
Outlays	542.4	600.3	650.9	722.6	774.7
Surplus or deficit (-)	-28.7	-2.8	36.2	46.9	82.1

Because of the higher rate of inflation, by 1984 the levels of both receipts and outlays are significantly higher under the alternative assumptions. These differences are shown in Table 17.

Table 17.--DIFFERENCES IN BUDGET PROJECTIONS UNDER ALTERNATIVE SETS OF ECONOMIC ASSUMPTIONS, 1980-1984
(in billions of dollars)

	1980	1981	1982	1983	1984
Receipts					
Receipts under economic goals	513.8	597.4	688.9	764.8	825.3
Effects of higher inflation	---	2.3	12.9	34.7	64.6
Effects of lower real growth	---	-2.2	-14.7	-30.1	-33.0
Receipts under alternative economic assumptions	513.8	597.5	687.1	769.4	856.9
Outlays					
Outlays under economic goals	542.4	599.3	642.3	700.9	738.0
Effects of higher inflation	---	0.5	3.6	11.1	23.6
Effects of higher unemployment	---	0.1	1.6	4.5	6.1
Effects of higher interest rates and higher deficits	---	0.4	3.4	6.1	7.0
Outlays under alternative economic assumptions	542.4	600.3	650.9	722.6	774.7

Table 18.--LONG-RANGE ECONOMIC GOALS, 1981-1984
(calendar years; dollar amounts in billions)

	Assumed for Budget Projections			
	1981	1982	1983	1984
Major Economic Indicators				
Gross national product, (percent change, 4th quarter over 4th quarter):				
Current dollars	11.7	10.2	7.6	6.1
Constant (1972) dollars	5.3	5.5	4.4	3.0
GNP deflator (percent change, 4th quarter over 4th quarter)	6.1	4.5	3.0	3.0
Consumer Price Index (percent change, December over December)	6.0	4.5	3.0	3.0
Unemployment rate (percent, 4th quarter)	6.0	4.8	4.0	4.0
Annual Economic Assumptions				
Gross national product:				
Current dollars:				
Amount	2,859	3,169	3,448	3,664
Percent change, year over year	11.2	10.8	8.8	6.3
Constant (1972) dollars:				
Amount	1,481	1,563	1,642	1,696
Percent change, year over year	4.1	5.5	5.1	3.3
Incomes:				
Personal income	2,338	2,571	2,779	2,947
Wages and salaries	1,504	1,673	1,826	1,941
Corporate profits	260	315	348	372
Price level:				
GNP deflator:				
Level (1972=100), annual average	193.0	202.8	210.0	216.1
Percent change, year over year	6.8	5.1	3.5	2.9
Consumer Price Index 1/:				
Level (1967=100), annual average	251.5	264.4	273.8	281.9
Percent change, year over year	7.1	5.2	3.5	2.9

See footnotes at end of table.

Table 18 (continued)

	Assumed for Budget Projections			
	1981	1982	1983	1984
Unemployment rates:				
Total, annual average	6.4	5.2	4.2	4.0
Insured, annual average 2/	3.3	2.8	2.3	2.1
Federal pay raise, October (percent) 3/	5.5	5.5	5.5	5.5
Interest rate, 91-day Treasury bills (percent) 4/	7.2	5.6	4.4	4.2

1/ The index shown is the CPI for urban wage earners and clerical workers. There are now two versions of the CPI published. One estimates the cost-of-living for wage earners and clerical workers in urban areas; the other, more recently developed, is more comprehensive, covering all urban dwellers. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

2/ This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

3/ Pay raises become effective in October of each year -- the first month of the new fiscal year. Thus, the October 1979 pay raise will set new pay scales that will be in effect during fiscal year 1980. Under the comparability pay system, the President makes recommendations for Federal pay rates each year, after consultation with specified representatives. The projected rates are simply assumptions for purposes of developing budget estimates and do not represent a prior determination of future pay raise recommendations to be made by the President. Total compensation of Federal employees includes elements that are not included in pay.

4/ Average rate on new issues within period. Before the 1980 budget, interest rates for the forecast period were assumed to remain at the levels prevailing at the time the estimates were made. Because it would be unrealistic to assume continuation of the same level of interest rates with changing inflation, however, it is now assumed, by convention, that future interest rates will change with the rate of inflation.

Table 19.--ESTIMATED EFFECT OF ADMINISTRATIVE ACTIONS AND PROPOSED LEGISLATION ON RECEIPTS, 1979-1984
(in billions of dollars)

	Current Estimate				Projection	
	1979	1980	1981	1982	1983	1984
Receipts under current law	466.8	510.1	579.0	662.5	738.4	795.9
Extension of airport and airways trust fund taxes	---	0.1	0.8	0.9	1.0	1.1
Receipts on a current services basis	466.8	510.1	579.9	663.4	739.4	796.9
Proposed legislation and administrative actions other than extensions:						
Energy program:						
Windfall profits tax	---	2.5	8.1	12.7	12.5	12.9
Energy conservation credits	-*	-0.1	-0.2	-0.4	-0.5	-0.7
Other income tax effects 1/	*	0.6	2.4	4.5	5.7	6.1
Waiver of import duties and fees	-0.3	-0.6	---	---	---	---
Foreign tax credit	0.1	0.8	0.7	0.7	0.7	0.8
Subtotal, Energy program	-0.2	3.2	11.0	17.5	18.4	19.1
Cash management initiatives	---	---	4.8	4.8	1.6	0.8
Railroad retirement tax increase	---	0.2	0.2	0.3	0.3	0.4
Tax-exempt mortgage bonds	---	0.3	1.0	2.6	5.3	8.9
Oil and hazardous substance clean-up	---	---	0.1	0.3	0.4	0.4
Tax treatment of independent contractors	---	---	0.7	0.8	0.9	1.0
Welfare reform	---	---	---	-0.1	-0.3	-0.2
Negotiated tariff reduction	---	-0.2	-0.5	-1.0	-1.5	-2.1
Other	-0.1	0.1	0.2	0.2	0.2	0.2
Total, Proposed legislation and administrative actions other than extensions	-0.3	3.6	17.6	25.4	25.3	28.4
Total receipts	466.5	513.8	597.4	688.9	764.8	825.3

1/ The effect of deregulation of crude petroleum prices on income tax receipts is included under energy policy.
* $50 million or less.

Table 20.--BUDGET RECEIPTS BY MAJOR SOURCE, 1979-1984
(in billions of dollars)

	Current Estimate				Projection	
	1979	1980	1981	1982	1983	1984
Individual income taxes	216.6	234.2	277.2	322.8	364.2	399.8
Corporation income taxes	67.8	71.5	76.1	87.7	100.2	108.3
Social insurance taxes and contributions	141.3	162.6	189.6	217.2	236.6	250.8
Excise taxes	18.6	21.2	27.7	32.6	33.2	34.2
Estate and gift taxes	5.4	5.7	6.0	6.5	7.2	7.7
Customs duties	7.4	8.1	9.2	9.6	10.0	10.2
Miscellaneous receipts	9.4	10.4	11.7	12.5	13.4	14.2
Total budget receipts	466.5	513.8	597.4	688.9	764.8	825.3

Table 21.--COMPOSITION OF BUDGET OUTLAYS, 1978-1984
(dollar amounts in billions)

	Actual 1978	Current Estimate 1979	1980	1981	1982	Projection 1983	1984
National defense:							
Direct Federal payments for individuals	9.2	10.2	11.4	12.9	14.1	15.1	16.0
Grants to States and localities	0.1	0.1	*	0.1	0.1	0.1	0.1
Other	96.0	105.2	115.2	126.4	136.4	146.9	157.2
Subtotal, National defense	105.2	115.5	126.7	139.4	150.6	162.1	173.3
Nondefense:							
Direct Federal payments for individuals	170.6	189.3	215.7	238.5	256.4	299.2	316.7
Payments for individuals through States and localities	24.7	26.7	28.8	31.6	33.7	36.1	38.9
All other grants to States and localities	53.1	54.9	55.1	57.5	59.1	59.0	58.9
Net interest	35.4	43.2	46.9	48.7	46.4	43.7	42.3
Other	61.7	66.6	69.4	83.6	96.0	100.8	107.8
Subtotal, Nondefense	345.6	380.6	415.8	459.9	491.7	538.7	564.7
Total	450.8	496.2	542.4	599.3	642.3	700.9	738.0

* $50 million or less.

Table 21 (continued)

	Actual 1978	Current Estimate 1979	1980	1981	1982	Projection 1983	1984
Percent of Total Outlays							
National defense:							
Direct Federal payments for individuals	2.0	2.1	2.1	2.2	2.2	2.2	2.2
Grants to States and localities	*	*	*	*	*	*	*
Other	21.3	21.2	21.2	21.1	21.2	21.0	21.3
Subtotal, National defense	23.3	23.3	23.4	23.3	23.4	23.1	23.5
Nondefense:							
Direct Federal payments for individuals	37.9	38.1	39.8	39.8	39.9	42.7	42.9
Payments for individuals through States and localities	5.5	5.4	5.3	5.3	5.3	5.1	5.3
All other grants to States and localities	11.8	11.1	10.2	9.6	9.2	8.4	8.0
Net interest	7.9	8.7	8.6	8.1	7.2	6.2	5.7
Other	13.7	13.4	12.8	13.9	15.0	14.4	14.6
Subtotal, Nondefense	76.7	76.7	76.6	76.7	76.6	76.9	76.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05% or less.

Table 22.--BUDGET OUTLAYS BY FUNCTION, 1978-1984
(in billions of dollars)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
National defense 1/	105.2	115.5	126.7	139.4	150.6	162.1	173.3
International affairs	5.9	7.3	8.8	9.7	9.8	10.9	12.2
General science, space and technology	4.7	5.1	5.7	5.5	5.3	5.0	4.7
Energy	5.9	7.1	8.5	10.0	9.0	8.9	9.2
Natural resources and environment	10.9	11.6	11.8	13.1	14.1	14.7	15.6
Agriculture	7.7	6.7	2.5	2.7	3.1	3.4	3.9
Commerce and housing credit	3.3	2.8	3.2	3.2	2.8	2.5	2.3
Transportation	15.4	17.2	18.3	19.8	20.1	20.6	21.2
Community and regional development	11.0	10.1	7.5	8.3	8.4	8.6	8.7
Education, training, employment, and social services	26.5	30.0	30.1	31.1	36.6	36.0	35.8
Health	43.7	49.4	54.4	60.2	65.8	71.5	77.7
Income security	146.2	161.2	185.2	203.8	219.5	234.6	245.7
(Social security)	(92.2)	(102.9)	(116.8)	(130.4)	(143.5)	(155.8)	(165.4)
(Other)	(54.0)	(58.3)	(68.4)	(73.3)	(76.0)	(78.8)	(80.3)
Veterans benefits and services	19.0	20.3	20.8	21.4	22.1	22.5	22.6
Administration of justice	3.8	4.3	4.4	4.4	4.4	4.4	4.4
General government	3.8	4.3	4.4	4.4	4.6	4.5	4.5
General purpose fiscal assistance	9.6	8.7	9.0	8.7	8.7	8.7	8.7
Interest	44.0	53.0	57.8	60.8	60.5	59.6	60.3
Allowances 2/	---	---	2.1	13.7	19.7	46.9	54.1
Undistributed offsetting receipts	-15.8	-18.4	-18.7	-20.8	-22.8	-24.9	-27.0
Total budget outlays	450.8	496.2	542.4	599.3	642.3	700.9	738.0
MEMORANDUM							
Outlays of off-budget Federal entities	10.3	12.4	16.1	11.8	11.3	12.3	10.6

1/ Includes allowances for civilian and military pay raises for the Department of Defense.
2/ Includes allowances for civilian agency pay raises (1980-84), the energy security trust fund (1980-84), contingencies for relatively uncontrollable programs (1980-84), general contingencies (1981-84), start-up costs of welfare reform (1981), and the proposed health plan (1983-83). The allowances for welfare reform in 1982-84 are distributed by function.

Table 23.--BUDGET OUTLAYS BY AGENCY, 1978-1984
(in billions of dollars)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
Legislative branch	1.0	1.2	1.3	1.2	1.3	1.3	1.3
The Judiciary	0.4	0.5	0.6	0.6	0.7	0.7	0.7
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	4.4	5.1	6.3	7.9	7.9	7.9	8.9
Agriculture	20.4	21.5	18.4	20.6	21.7	22.7	24.0
Commerce	5.2	4.3	3.3	3.3	3.0	3.1	3.2
Defense-Military 1/	103.0	112.8	123.5	136.0	147.3	158.8	170.0
Defense-Civil	2.6	2.9	3.0	3.3	3.6	3.6	3.8
Energy	6.3	7.6	9.4	10.3	9.4	9.1	9.3
Health, Education, and Welfare	162.9	181.1	202.1	223.0	242.7	261.6	276.6
Housing and Urban Development	7.6	8.9	10.8	11.9	13.0	14.0	15.2
Interior	3.8	4.0	3.8	4.3	4.6	4.9	5.0
Justice	2.4	2.5	2.5	2.5	2.5	2.4	2.4
Labor	22.9	23.4	26.4	26.6	24.7	22.2	20.8
State	1.3	1.5	1.7	1.8	1.9	2.0	2.2
Transportation	13.5	15.3	16.4	18.0	18.6	19.1	19.4
Treasury	56.4	65.3	70.6	73.2	72.8	71.9	72.6
Environmental Protection Agency	4.1	4.4	4.8	5.1	5.7	6.1	6.7
General Services Administration	0.1	0.1	0.1	0.3	0.4	0.3	0.2
National Aeronautics and Space Administration	4.0	4.2	4.8	4.6	4.4	4.2	3.9
Veterans Administration	19.0	20.3	20.8	21.3	22.1	22.5	22.6
Office of Personnel Management	11.0	12.6	14.7	16.5	18.5	20.1	21.5
Other agencies	14.4	15.0	13.7	13.7	13.2	14.0	14.1
Allowances 2/	---	---	2.1	13.7	25.2	53.1	60.5
Undistributed offsetting receipts	-15.8	-18.4	-18.7	-20.8	-22.8	-24.9	-27.0
Total budget outlays	450.8	496.2	542.4	599.3	642.3	700.9	738.0

1/ Includes allowances for civilian and military pay raises for the Department of Defense.
2/ Includes allowances for civilian agency pay raises (1980-84), the energy security trust fund (1980-84), contingencies for relatively uncontrollable programs (1980-84), general contingencies (1981-84), welfare reform (1981-84), and the proposed health plan (1983-84).

Table 24.--BUDGET AUTHORITY BY FUNCTION, 1978-1984
(in billions of dollars)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
National defense 1/	117.9	126.9	138.4	150.0	160.7	172.4	184.2
International affairs	9.8	13.8	14.1	13.8	15.4	16.7	18.0
General science, space and technology	4.9	5.4	5.9	5.6	5.3	5.0	4.7
Energy	8.2	7.4	20.2	9.1	8.6	6.4	6.6
Natural resources and environment	13.6	13.1	12.9	14.4	14.8	14.8	14.9
Agriculture	2.6	9.1	4.9	5.3	3.9	3.9	3.9
Commerce and housing credit	5.3	6.1	8.3	6.7	6.8	6.9	7.0
Transportation	15.0	19.2	19.9	21.9	20.8	20.9	21.4
Community and regional development	10.3	9.3	8.7	9.3	8.9	9.1	9.0
Education, training, employment, and social services	22.4	32.5	31.4	31.6	36.8	36.2	35.9
Health	46.5	52.2	58.9	69.6	79.4	87.3	94.8
Income security	180.1	191.2	218.3	241.2	264.7	282.8	309.9
(Social security)	(88.0)	(100.3)	(116.3)	(133.8)	(154.3)	(170.8)	(189.4)
(Other)	(92.1)	(90.9)	(102.0)	(107.4)	(110.3)	(112.0)	(111.5)
Veterans benefits and services	19.0	20.5	21.4	21.9	22.1	22.4	22.7
Administration of justice	3.9	4.2	4.3	4.3	4.4	4.4	4.5
General government	4.1	4.4	4.5	4.6	4.5	4.5	4.6
General purpose fiscal assistance	9.7	8.5	9.0	8.7	8.7	8.7	8.7
Interest	44.0	53.0	57.8	60.8	60.5	59.6	60.3
Allowances 2/	---	---	2.7	16.8	25.1	49.1	54.5
Undistributed offsetting receipts	-15.8	-18.4	-18.7	-20.8	-22.8	-24.9	-27.0
Total budget authority	501.5	558.5	622.8	674.8	728.6	786.2	829.5
MEMORANDUM							
Budget authority of off-budget Federal entities	13.2	16.3	17.5	14.2	14.2	14.2	14.2

1/ Includes allowances for civilian and military pay raises for the Department of Defense.

2/ Includes allowances for civilian agency pay raises (1980-84), the energy security trust fund (1980-84), contingencies for relatively uncontrollable programs (1980-84), general contingencies (1981-84), start-up costs of welfare reform (1981), and the proposed health plan (1983-83). The allowances for welfare reform in 1982-84 are distributed by function.

Table 25.--BUDGET AUTHORITY BY AGENCY, 1978-1984
(in billions of dollars)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
Legislative branch	1.1	1.2	1.3	1.4	1.3	1.3	1.3
The Judiciary	0.5	0.5	0.6	0.6	0.7	0.7	0.8
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	7.5	11.7	12.1	12.6	13.6	12.2	13.0
Agriculture	16.5	24.4	22.4	24.9	24.4	25.2	26.0
Commerce	2.3	2.6	3.9	3.5	3.5	3.6	3.6
Defense-Military 1/	115.3	124.1	135.1	146.5	157.3	169.1	180.9
Defense-Civil	2.8	2.8	3.1	3.8	3.9	3.8	4.0
Energy	10.7	9.6	7.5	9.7	9.5	9.4	9.6
Health, Education, and Welfare	162.2	183.0	207.6	236.2	267.1	292.3	317.6
Housing and Urban Development	38.0	31.2	33.6	34.0	34.0	34.0	34.1
Interior	4.6	4.7	4.5	4.9	5.0	5.1	5.0
Justice	2.4	2.5	2.4	2.4	2.4	2.4	2.4
Labor	20.0	28.3	28.2	30.2	29.8	27.7	25.9
State	1.5	1.7	1.8	2.0	2.0	2.2	2.3
Transportation	13.5	17.3	17.8	20.1	19.0	19.1	19.6
Treasury	56.8	65.5	70.8	73.4	73.1	72.1	72.8
Environmental Protection Agency	5.5	5.4	5.1	5.5	5.7	5.8	5.8
General Services Administration	0.2	0.3	0.3	0.3	0.3	0.3	0.3
National Aeronautics and Space Administration	4.1	4.5	4.9	4.6	4.3	4.0	3.7
Veterans Administration	19.0	20.4	21.3	21.9	22.1	22.4	22.7
Office of Personnel Management	18.2	21.1	23.4	24.7	26.1	27.1	27.9
Other agencies	14.6	13.9	30.7	15.4	15.2	15.4	15.9
Allowances 2/	---	---	2.7	16.8	31.0	55.6	61.4
Undistributed offsetting receipts	-15.8	-18.4	-18.7	-20.8	-22.8	-24.9	-27.0
Total budget authority	501.5	550.5	622.8	674.8	728.6	786.2	829.5

1/ Includes allowances for civilian and military pay raises for the Department of Defense.
2/ Includes allowances for civilian agency pay raises (1980-84), the energy security trust fund (1980-84), contingencies for relatively uncontrollable programs (1980-84), general contingencies (1981-84), welfare reform (1981-84), and the proposed health plan (1983-84).

Table 26.--PROJECTIONS OF OUTLAYS FOR OPEN-ENDED PROGRAMS AND FIXED COSTS, 1980-1984*
(in billions of dollars)

Open-Ended Programs and Fixed Costs	Estimate			Projection	
	1980	1981	1982	1983	1984
Payments for individuals:					
Social security and railroad retirement	121.8	136.6	151.1	164.4	174.7
Military retired pay	11.4	12.9	14.1	15.1	16.0
Other Federal employees retirement and insurance	14.6	16.5	18.3	19.9	21.2
Unemployment assistance	15.3	15.2	13.4	12.0	11.3
Veterans benefits	13.8	13.6	13.3	13.2	13.1
Medicare and medicaid	46.6	53.0	60.1	68.0	76.6
Housing payments	5.1	6.1	7.2	8.3	9.5
Public assistance and related programs	28.0	29.8	30.6	31.8	31.5
Subtotal, Payments for individuals	256.6	283.7	308.1	332.6	353.9
Net interest	46.9	49.2	47.3	45.1	44.3
General revenue sharing	6.9	6.9	6.9	6.9	6.9
Other open-ended programs and fixed costs	10.1	9.6	10.3	10.6	11.2
Total, Open-ended programs and fixed costs	320.6	349.3	372.4	395.1	416.4

* This table is supplied pursuant to the requirements of Section 221(b) of the Legislative Reorganization Act of 1970 (P.L. 91-510).

Table 27.--ESTIMATED SPENDING FROM THE END OF FISCAL YEAR 1980 BALANCES OF BUDGET AUTHORITY: NON-MANDATORY PROGRAMS
(in billions of dollars)

	Federal Guarantee and Insurance Programs: Reserves for Losses, and Standby and Backup Authority	Other Unexpended Balances, September 30, 1980	Total
Total balances, end of 1980 (current estimate).....	12.8	267.0	279.8
Spending from balances in:			
1981.....	1.0	114.0	115.0
1982.....	0.6	58.1	58.7
1983.....	0.6	28.9	29.5
1984.....	0.5	15.8	16.4
Expiring balances, 1981 through 1984.....	---	9.7	9.7
Unexpended balances as of the end of 1984.....	10.0	40.5	50.5

TABLE OF CONTENTS

	Page	
INTRODUCTION	1	1/A8
PART 1. THE CURRENT BUDGET OUTLOOK, 1979-1980	2	1/A9
Budget Totals	2	1/A9
Short-Range Economic Forecast	3	1/A10
Budget Receipts	6	1/A13
Budget Outlays	8	1/B1
Budget Authority	10	1/B3
Comparison of Administration and Budget Resolution Totals	12	1/B5
Summary Tables	14	1/B7
PART 2. CHANGES IN BUDGET AUTHORITY AND OUTLAYS BY FUNCTION, 1979-1980	22	1/C9
PART 3. LONG-RANGE BUDGET OUTLOOK	54	1/E13
Long-Range Economic Assumptions and the Budget Outlook	54	1/E13
Long-Range Economic Goals	54	1/E13
Budget Totals	54	1/E13
Budget Impacts of Major Initiatives	55	1/E14
Projections of Outlays for Open-Ended Programs and Fixed Costs	57	1/F2
Spending from Balances of Budget Authority at the End of Fiscal Year 1980	57	1/F2
Budget Projections Under Alternative Economic Assumptions	58	1/F3
Summary Tables	60	1/F5

GENERAL NOTES

1. All years referred to are fiscal years unless otherwise noted.

2. Detail may not add to totals due to rounding.

Table 28.--ALTERNATIVE LONG-RANGE ECONOMIC ASSUMPTIONS, 1981-1984
(calendar years; dollar amounts in billions)

	Assumed for Alternative Budget Projections			
	1981	1982	1983	1984
Major Economic Indicators				
Gross national product, (percent change, 4th quarter over 4th quarter):				
Current dollars	11.4	10.3	9.8	9.3
Constant (1972) dollars	4.0	3.5	3.5	3.5
GNP deflator (percent change, 4th quarter over 4th quarter)	7.1	6.6	6.1	5.6
Consumer Price Index (percent change, December over December)	6.8	6.5	6.0	5.5
Unemployment rate (percent, 4th quarter)	6.3	6.0	5.7	5.5
Annual Economic Assumptions				
Gross national product:				
Current dollars:				
Amount	2,856	3,161	3,477	3,807
Percent change, year over year	11.0	10.7	10.0	9.5
Constant (1972) dollars:				
Amount	1,471	1,525	1,579	1,634
Percent change, year over year	3.4	3.7	3.5	3.5
Incomes:				
Personal income	2,338	2,579	2,830	3,091
Wages and salaries	1,502	1,662	1,828	2,002
Corporate profits	260	303	344	383
Price level:				
GNP deflator:				
Level (1972=100), annual average	194.1	207.2	220.2	233.0
Percent change, year over year	7.4	6.7	6.3	5.8
Consumer Price Index 1/:				
Level (1967=100), annual average	252.4	269.1	285.8	301.9
Percent change, year over year	7.6	6.6	6.2	5.6

See footnotes at end of table.

Table 28 (continued)

	Assumed for Alternative Budget Projections			
	1981	1982	1983	1984
Unemployment rates:				
Total, annual average	6.5	6.1	5.9	5.6
Insured, annual average 2/	3.4	3.2	3.0	2.8
Federal pay raise, October (percent) 3/	5.5	5.5	5.5	5.5
Interest rate, 91-day Treasury bills (percent) 4/	8.2	8.2	7.7	7.2

1/ The index shown is the CPI for urban wage earners and clerical workers. There are now two versions of the CPI published. One estimates the cost-of-living for wage earners and clerical workers in urban areas; the other, more recently developed, is more comprehensive, covering all urban dwellers. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

2/ This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

3/ Pay raises become effective in October of each year -- the first month of the new fiscal year. Thus, the October 1979 pay raise will set new pay scales that will be in effect during fiscal year 1980. Under the comparability pay system, the President makes recommendations for Federal pay rates each year, after consultation with specified representatives. The projected rates are simply assumptions for purposes of developing budget estimates and do not represent a prior determination of future pay raise recommendations to be made by the President. Total compensation of Federal employees includes elements that are not included in pay.

4/ Average rate on new issues within period. Before the 1980 budget, interest rates for the forecast period were assumed to remain at the levels prevailing at the time the estimates were made. Because it would be unrealistic to assume continuation of the same level of interest rates with changing inflation, however, it is now assumed, by convention, that future interest rates will change with the rate of inflation.

Table 29.--BUDGET RECEIPTS BY MAJOR SOURCE, 1979-1984
(UNDER ALTERNATIVE ECONOMIC ASSUMPTIONS)
(in billions of dollars)

	Current Estimate				Projection	
	1979	1980	1981	1982	1983	1984
Individual income taxes	216.6	234.2	277.2	322.8	370.0	421.9
Corporation income taxes	67.8	71.5	76.1	86.0	97.5	108.8
Social insurance taxes and contributions	141.3	162.6	189.6	216.7	237.3	257.9
Excise taxes	18.6	21.2	27.7	32.6	33.2	34.4
Estate and gift taxes	5.4	5.7	6.0	6.5	7.2	7.9
Customs duties	7.4	8.1	9.2	9.6	10.1	10.6
Miscellaneous receipts	9.4	10.4	11.8	12.9	14.2	15.3
Total budget receipts	466.5	513.8	597.5	687.1	769.4	856.9

Table 30.--COMPOSITION OF BUDGET OUTLAYS, 1978-1984
(UNDER ALTERNATIVE ECONOMIC ASSUMPTIONS)
(dollar amounts in billions)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
National defense:							
Direct Federal payments for individuals	9.2	10.2	11.4	12.9	14.2	15.5	16.8
Grants to States and localities	0.1	0.1	*	0.1	0.1	0.1	0.1
Other	96.0	105.2	115.2	126.7	137.8	150.6	164.1
Subtotal, National defense	105.2	115.5	126.7	139.7	152.1	166.2	181.0
Nondefense:							
Direct Federal payments for individuals	170.6	189.3	215.7	238.8	259.3	307.0	332.6
Payments for individuals through States and localities	24.7	26.7	28.8	31.5	34.2	36.9	39.9
All other grants to States and localities	53.1	54.9	55.1	57.5	59.1	60.1	61.1
Net interest	35.4	43.2	46.9	49.1	49.8	49.8	49.4
Other	61.7	66.6	69.4	83.7	96.5	102.5	110.8
Subtotal, Nondefense	345.6	380.6	415.8	460.7	498.8	556.4	593.8
Total	450.8	496.2	542.4	600.3	650.9	722.6	774.7

* $50 million or less.

Table 30 (continued)

	Actual 1978	Current Estimate 1979	1980	1981	1982	Projection 1983	1984
Percent of Total Outlays							
National defense:							
Direct Federal payments for individuals	2.0	2.1	2.1	2.2	2.2	2.1	2.2
Grants to States and localities	*	*	*	*	*	*	*
Other	21.3	21.2	21.2	21.1	21.2	20.8	21.2
Subtotal, National defense	23.3	23.3	23.4	23.3	23.4	23.0	23.4
Nondefense:							
Direct Federal payments for individuals	37.9	38.1	39.8	39.8	39.8	42.5	42.9
Payments for individuals through States and localities	5.5	5.4	5.3	5.3	5.2	5.1	5.1
All other grants to States and localities	11.8	11.1	10.2	9.6	9.1	8.3	7.9
Net interest	7.9	8.7	8.6	8.2	7.6	6.9	6.4
Other	13.7	13.4	12.8	13.9	14.8	14.2	14.3
Subtotal, Nondefense	76.7	76.7	76.6	76.7	76.6	77.0	76.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05% or less.

Table 31.--BUDGET OUTLAYS BY FUNCTION, 1978-1984
(UNDER ALTERNATIVE ECONOMIC ASSUMPTIONS)
(in billions of dollars)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
National defense 1/	105.2	115.5	126.7	139.7	152.1	166.2	181.0
International affairs	5.9	7.3	8.8	9.7	9.7	10.8	12.2
General science, space and technology	4.7	5.1	5.7	5.5	5.3	5.0	4.7
Energy	5.9	7.1	8.5	10.0	9.0	8.9	9.2
Natural resources and environment	10.9	11.6	11.8	13.1	14.1	14.7	15.6
Agriculture	7.7	6.7	2.5	2.7	3.1	3.4	3.9
Commerce and housing credit	3.3	2.8	3.2	3.2	2.8	2.5	2.3
Transportation	15.4	17.2	18.3	19.8	20.1	20.6	21.2
Community and regional development	11.0	10.1	7.5	8.3	8.4	8.6	8.7
Education, training, employment, and social services	26.5	30.0	30.1	31.2	36.7	37.5	38.3
Health	43.7	49.4	54.4	60.1	66.1	72.7	80.0
Income security	146.2	161.3	185.2	204.0	222.4	241.9	259.7
(Social security)	(92.2)	(102.9)	(116.8)	(130.5)	(144.3)	(158.3)	(173.0)
(Other)	(54.0)	(58.3)	(68.4)	(73.5)	(78.1)	(83.6)	(86.7)
Veterans benefits and services	19.0	20.3	20.8	21.4	22.2	22.8	23.1
Administration of justice	3.8	4.3	4.4	4.4	4.4	4.4	4.4
General government	3.8	4.3	4.4	4.5	4.6	4.5	4.5
General purpose fiscal assistance	9.6	8.7	9.0	8.7	8.7	8.7	8.7
Interest	44.0	53.0	57.8	61.3	63.9	66.3	68.4
Allowances 2/	---	---	2.1	13.8	20.3	48.3	56.8
Undistributed offsetting receipts	-15.8	-18.4	-18.7	-20.9	-22.9	-25.4	-28.0
Total budget outlays	450.8	496.2	542.4	600.3	650.9	722.6	774.7
MEMORANDUM							
Outlays of off-budget Federal entities	10.3	12.4	16.1	11.8	11.3	12.3	10.6

1/ Includes allowances for civilian and military pay raises for the Department of Defense.
2/ Includes allowances for civilian agency pay raises (1980-84), the energy security trust fund (1980-84), contingencies for relatively uncontrollable programs (1980-84), general contingencies (1981-84), start-up costs of welfare reform (1981), and the proposed health plan (1983-83). The allowances for welfare reform in 1982-84 are distributed by function.

Table 32.--BUDGET OUTLAYS BY AGENCY, 1978-1984
(UNDER ALTERNATIVE ECONOMIC ASSUMPTIONS)
(in billions of dollars)

	Actual	Current Estimate				Projection	
	1978	1979	1980	1981	1982	1983	1984
Legislative branch	1.0	1.2	1.3	1.2	1.3	1.3	1.3
The Judiciary	0.4	0.5	0.6	0.6	0.7	0.7	0.7
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	4.4	5.1	6.3	7.9	7.9	7.9	8.9
Agriculture	20.4	21.5	18.4	20.5	22.0	23.5	25.1
Commerce	5.2	4.3	3.3	3.3	3.0	3.1	3.2
Defense-Military 1/	103.0	112.8	123.5	136.3	148.7	162.8	177.7
Defense-Civil	2.6	2.9	3.0	3.3	3.6	3.6	3.8
Energy	6.3	7.6	9.4	10.3	9.4	9.1	9.3
Health, Education, and Welfare	162.9	181.1	202.1	223.0	243.8	265.7	287.1
Housing and Urban Development	7.6	8.9	10.8	11.9	13.0	14.0	15.2
Interior	3.8	4.0	3.8	4.3	4.6	4.9	5.0
Justice	2.4	2.5	2.5	2.5	2.5	2.4	2.4
Labor	22.9	23.4	26.4	26.8	26.4	26.8	27.0
State	1.3	1.5	1.7	1.8	1.9	2.0	2.2
Transportation	13.5	15.3	16.4	18.0	18.6	19.1	19.4
Treasury	58.4	65.3	70.6	73.7	76.1	78.5	80.6
Environmental Protection Agency	4.1	4.4	4.8	5.1	5.7	6.1	6.7
General Services Administration	0.1	0.1	0.1	0.3	0.4	0.3	0.2
National Aeronautics and Space Administration	4.0	4.2	4.8	4.6	4.4	4.2	3.9
Veterans Administration	19.0	20.3	20.8	21.3	22.2	22.7	23.1
Office of Personnel Management	11.9	12.6	14.7	16.6	18.5	20.5	22.4
Other agencies	14.4	15.0	13.7	13.7	13.2	14.1	14.3
Allowances 2/	---	---	2.1	13.8	25.8	54.5	63.2
Undistributed offsetting receipts	-15.8	-18.4	-18.7	-20.9	-22.9	-25.4	-28.0
Total budget outlays	450.8	496.2	542.4	600.3	650.9	722.6	774.7

1/ Includes allowances for civilian and military pay raises for the Department of Defense.
2/ Includes allowances for civilian agency pay raises (1980-84), the energy security trust fund (1980-84), contingencies for relatively uncontrollable programs (1980-84), general contingencies (1981-84), welfare reform (1981-84), and the proposed health plan (1983-84).